

CIRCULAR DATED 7 APRIL 2025

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER INDEPENDENT PROFESSIONAL ADVISER IMMEDIATELY.

Unless otherwise defined, capitalised terms appearing on the cover of this Circular bear the same meanings as defined in this Circular.

If you have sold or transferred all your ordinary shares in the capital of Leader Environmental Technologies Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) held through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular to the purchaser or the transferee as arrangements will be made by the CDP for a separate Circular to be sent to the purchaser or the transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Circular with the Notice of EGM and the accompanying Proxy Form immediately to the purchaser or to the transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

This Circular has been prepared by the Company. The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Circular.

This Circular (together with the Notice of EGM and the Proxy Form) may be accessed at the Company’s website at the URL <https://www.leaderet.com> and is also available on the SGX-ST website at the URL <https://www.sgx.com/securities/company-announcements>. A printed copy of this Circular (together with the Notice of EGM and the Proxy Form) will be despatched to Shareholders.



LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED

(Company Registration Number: 200611799H)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS IN RELATION TO:

- (1) THE PROPOSED DISPOSAL OF THE AIWATER GROUP, AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE LISTING MANUAL AND A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE LISTING MANUAL; AND**
- (2) THE PROPOSED CAPITAL REDUCTION AND THE PROPOSED DISTRIBUTION.**

INDEPENDENT FINANCIAL ADVISER IN RELATION TO THE PROPOSED DISPOSAL



SAC CAPITAL PRIVATE LIMITED

(Company Registration Number: 200401542N)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES:

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| Last date and time for lodgment of Proxy Form | : | 27 April 2025 at 10.30 a.m. |
| Last date and time to submit questions prior to the EGM | : | 17 April 2025 at 10.30 a.m. |
| Date and time of EGM | : | 29 April 2025 at 10.30 am (or as soon thereafter following the conclusion of the annual general meeting of the Company to be held at 10.00 am on the same day and at the same place) |
| Place of EGM | : | Novotel Singapore on Stevens, Draco Room, 28 Stevens Road, Singapore 257878 |

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CORPORATE INFORMATION

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| Board of Directors | : | Ngoo Lin Fong (<i>Executive Chairman</i>) Zhao Fu (<i>Non-Independent Non-Executive Director</i>) Lim Kuan Meng (<i>Lead Independent Director</i>) Lee Suan Hiang (<i>Independent Director</i>) Dr Ng Wun Jern (<i>Independent Director</i>) Ng Sook Zhen (<i>Independent Director</i>) |
| Registered Office of the Company | : | 38 Beach Road #29-11 South Beach Tower Singapore 189767 |
| Share Registrar | : | Tricor Barbinder Share Registration Services 9 Raffles Place #26-01 Republic Plaza Tower 1 Singapore 048619 |
| Legal Adviser to the Company in relation to the Proposed Transactions | : | Rajah & Tann Singapore LLP 9 Straits View #06-07 Marina One West Tower Singapore 018937 |
| Independent Valuer for the valuation of the Target Companies in relation to the Proposed Disposal | : | Navi Corporate Advisory Pte Ltd 6 Battery Road Level 42 The Executive Centre Singapore 049909 |
| Independent Financial Adviser to the Non-interested Directors in relation to the Proposed Disposal | : | SAC Capital Private Limited 1 Robinson Road #21-01 AIA Tower Singapore 048542 |

OVERVIEW

The following overview is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Meanings of defined terms may be found in the “Definitions” section on pages 11 to 19 of this Circular.

THE PROPOSED TRANSACTIONS

A summary of the Proposed Transactions is set out below:

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

(b) Background on the Buyer is as follows:

(i) As at the Latest Practicable Date, the Buyer is wholly-owned by United AI Greentech Ltd, and the Buyer's directors are Mr Zhao Fu and Ms Huang Wenjing. Mr Zhao Fu is a Non-independent Non-executive Director of the Company and is the chief executive officer of InnoVision SAL. Ms Huang Wenjing holds approximately 1.33% of the Company's issued shares.

(ii) In turn, as at the Latest Practicable Date, United AI Greentech Ltd is owned by Feynman (66.67%) and InnoVision SAL (33.33%). Its directors are Mr Zhao Fu, Mr Zhou Bo, Mr Li Li, Ms Pan Shuhong and Ms Lien Cheng. For completeness, Mr Li Li is the chief executive officer of the Company and holds approximately 0.30% of its issued Shares. Ms Lien Cheng holds approximately 0.44% of the Company's issued shares.

Prior to completion of the Proposed Disposal (“**Completion**”), United AI Greentech Ltd will be restructured such that its shareholders will comprise: (i) Feynman (44.46%), (ii) InnoVision SAL (16.57%), (iii) Hefei Zhiyi Green Equity Investment Partnership (Limited Partnership) (10.41%), (iv) Hyde Pacific Holding Co., Limited (20.00%), (v) K-1X Capital Pte. Ltd. (3.78%), (vi) Toe Teow Heng (3.78%) and (vii) Jiaying Wukai Private Equity Fund Management Co., Ltd. (1.00%).

(iii) Feynman is 50% held by each of Dr Lin and Ms Pan, who in turn hold Shares in the Company, comprising approximately 27.02% and 10.96% of its issued Shares, respectively.

(iv) InnoVision SAL is the sole holder (“**Bondholder**”) of redeemable zero-coupon convertible bonds in the aggregate principal amount of US\$15 million issued by the Company (“**Bonds**”), which are convertible into 214,260,000 ordinary shares (based on the aggregate principal amount divided by the conversion price of S\$0.10) in the capital of the Company pursuant to the terms and conditions of the Bonds, representing approximately 12.25% of the Company's enlarged share capital (following the conversion of the Bonds, excluding any treasury Shares and subsidiary holding(s) and assuming there is no other issuance of Shares).

Save as disclosed above, none of the Buyer, United AI Greentech Ltd, the directors or shareholders of the Buyer or United AI Greentech Ltd (as applicable), (i) holds, directly or indirectly, any other ordinary shares in the issued and paid-up capital of the Company; and (ii) is related to the Directors or controlling Shareholders and their respective associates.

OVERVIEW

- (v) Subject to Completion, and to reward Shareholders and the Bondholder for their support, the Company proposes to make a proposed conditional aggregate distribution of the S\$ equivalent of up to RMB248,650,294, based on the RMB:S\$ conversion rate to be announced by the Company in due course (the “**Applicable Exchange Rate**”) to Shareholders, which will amount to approximately S\$0.03 for each Share held by the Shareholders or on their behalf as at the Capital Reduction Record Date (subject to any adjustments based on the Applicable Exchange Rate) based on the total number of 1,534,878,360 issued Shares (“**Proposed Distribution**”) via a capital reduction exercise (“**Proposed Capital Reduction**”). In connection with the Proposed Distribution, a sum of the S\$ equivalent of up to RMB34,710,120 (which amounts to approximately S\$0.03 for each Share to be held by InnoVision SAL as if the Bonds were fully converted into Shares) based on the Applicable Exchange Rate, will be payable to InnoVision SAL as Bondholder pursuant to the terms and conditions of the Bonds (“**Relevant Payment**”).

The aggregate amount to be paid to each Shareholder and the Bondholder pursuant to the Proposed Distribution and Relevant Payment will be paid in S\$ based on the Applicable Exchange Rate. For the avoidance of doubt, the Relevant Payment relates to a contractual obligation on the Company’s part vis-à-vis the Bonds, arising in connection with the Proposed Distribution. In other words, it will not be payable if the Company is not undertaking the Proposed Distribution. However, the Relevant Payment itself is not subject to Shareholders’ approval, and in this regard, it is not inter-conditional upon the approval for the Proposed Disposal as well as the Proposed Capital Reduction and the Proposed Distribution.

- (vi) For efficacy, the Company and United Greentech have entered into an agreement (“**Set Off Agreement**”) with the Buyer, Dr Lin, Ms Pan, Feynman and InnoVision SAL to set out the parties’ arrangements in relation to the Consideration. Under the Set Off Agreement, the Disposal Consideration payable to United Greentech by the Buyer will be net of the amounts payable by the Company to Dr Lin, Ms Pan and InnoVision arising from the Proposed Distribution and Relevant Payment.

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

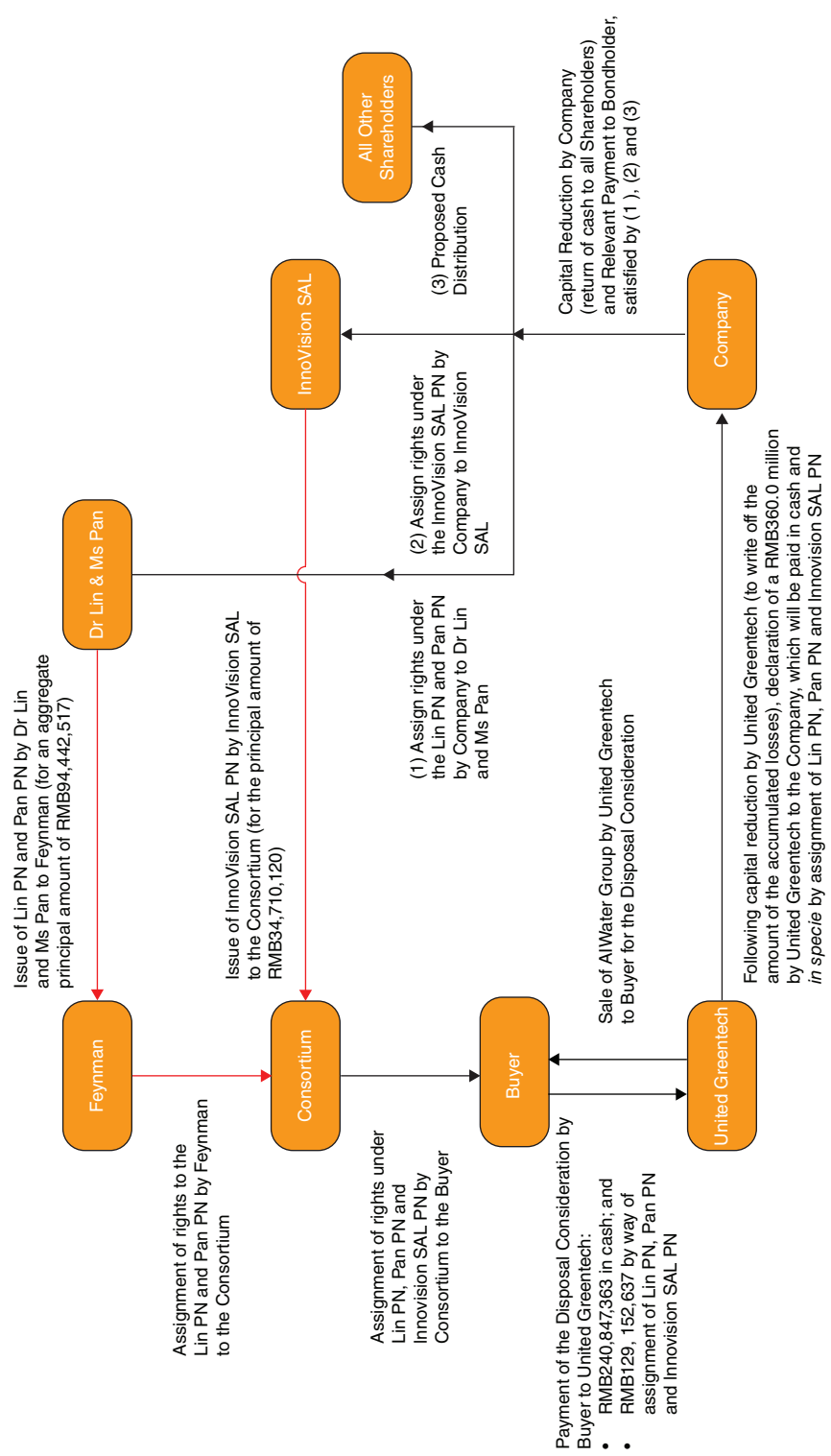
- (i) The Consortium Members will subscribe for shares in the capital of the Consortium (“**Consortium Shares**”) to fund the Disposal Consideration in cash, save that Feynman and InnoVision SAL will subscribe for their Consortium Shares in part by assigning and issuing (as the case may be) promissory notes (the “**Promissory Notes**”) and the balance by cash. Please refer to Section 3.4 of this Circular for further details on the Promissory Notes.
- (ii) The Consortium will assign its rights under the Promissory Notes to the Buyer (being a wholly-owned subsidiary of the Consortium).
- (iii) At Completion, the Disposal Consideration payable by the Buyer to United Greentech will be satisfied by way of a combination of cash and by way of assignment of the Promissory Notes to United Greentech.
- (iv) As at the Latest Practicable Date, United Greentech is in the process of a capital reduction exercise (“**UGH Capital Reduction**”) to cancel such amount of the share capital of United Greentech, to write off the amount of the accumulated losses of United Greentech.

OVERVIEW

- (v) At Completion, United Greentech will declare a dividend of the sum of RMB360.0 million payable to the Company, and pursuant to which, distribute the Promissory Notes *in specie*, to the Company in partial satisfaction of such dividend.
- (vi) The Company will assign its rights under the Promissory Notes to each of Dr Lin, Ms Pan and InnoVision SAL, in satisfaction of their Entitlements pursuant to the Proposed Distribution and Relevant Payment, thereby constituting full and final discharge of the Company's obligations to Dr Lin, Ms Pan and InnoVision SAL vis-à-vis their Entitlements pursuant to the Proposed Distribution and Relevant Payment.
- (vii) Completion under the AIWater SPA and the UG Water SPA will in turn take place contemporaneously on the same day, and the Proposed Capital Reduction, Proposed Distribution to all of the Company's Shareholders and the UGH Capital Reduction shall also take effect on the same day.

OVERVIEW

For illustration purposes only, the following diagram summarizes the payment of the Disposal Consideration (including the assignment of the Promissory Notes) by the Buyer to United Greentech, and the setting-off of the entire amount owing by the Company to each of Dr Lin, Ms Pan and InnoVision SAL vis-à-vis their Entitlements pursuant to the Proposed Capital Reduction and the Relevant Payment:



OVERVIEW

SUMMARY OF APPROVALS SOUGHT

The Company is convening an extraordinary general meeting (“**EGM**”) to seek independent Shareholders’ approval for the following proposals:

- (a) the Proposed Disposal as an ordinary resolution; and
- (b) the capital reduction exercise to be undertaken by the Company pursuant to Section 78A read with Section 78C of the Companies Act (the “**Proposed Capital Reduction**”) to return to Shareholders approximately S\$0.03, subject to any adjustments based on the Applicable Exchange Rate, for each Share held by Shareholders or on their behalf as at the Capital Reduction Record Date, amounting to an aggregate distribution of the S\$ equivalent of up to RMB248,650,294, based on the Applicable Exchange Rate (the “**Proposed Distribution**”), which will involve:
 - (i) a cash distribution to Shareholders of the S\$ equivalent of up to RMB154,207,777 (“**Cash Distribution Amount**”), based on the Applicable Exchange Rate, being approximately S\$0.03, subject to any adjustments based on the Applicable Exchange Rate, for each Share held by a Shareholder as at the Record Date to be determined by the Directors (“**Proposed Cash Distribution**”); and
 - (ii) an assignment of the Company’s rights under the Lin PN and Pan PN, amounting to an aggregate principal amount of RMB94,442,517 to each of Dr Lin and Ms Pan respectively, in satisfaction of their Entitlements pursuant to the Proposed Distribution,

as a special resolution.

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

THE PROPOSED DISPOSAL

The Proposed Disposal involves the disposal of all the legal and/or beneficial ownership in the shares of the Target Companies held by the Company. The Target Companies are principally engaged in the business of developing and utilising artificial intelligent technology in the management of wastewater treatment plants, investment holding and the management of wastewater treatment plants.

Please refer to Section 2 of this Circular for further details on the Target Companies.

Consideration and Valuation

The aggregate consideration for the Proposed Disposal (“**Disposal Consideration**”) is RMB370,000,000 (equivalent to approximately S\$68.3 million), which consist of:

- (a) RMB6,000,000 (equivalent to approximately S\$1.1 million) in cash for the UG Water Sale Shares; and
- (b) RMB234,847,363 (equivalent to approximately S\$43.3 million) in cash for the AI Water Sale Shares; and

OVERVIEW

- (c) the balance RMB129,152,637 (equivalent to approximately S\$23.8 million) for the AIWater Sale Shares, which shall be satisfied by the Buyer through the Set Off Arrangements (**“Balance Disposal Consideration”**).

The Disposal Consideration was arrived at after negotiations on an arm’s length basis and on a willing-buyer and willing-seller basis, taking into account the future business prospects of the AIWater Group and comparable market transactions.

Based on an independent valuation conducted by Navi Corporate Advisory Pte Ltd (the **“Independent Valuer”**), the market value of 70% of the equity interest in the capital of AIWater and 50% of the equity interest in the capital of UG Water, as at 31 August 2024, subject to the assumptions therein, is between RMB37.0 million and RMB43.9 million (equivalent to approximately S\$6.8 million and S\$8.1 million). The Summarised Valuation Report is set out in Appendix B of this Circular which is prepared in accordance with Practice Note 2: Minimum Disclosure Requirements for Summary Valuation Letters issued by the Institute of Valuers and Appraisers, Singapore (**“IVAS”**). Shareholders are advised to read the Summarised Valuation Report carefully in its entirety. Please refer to Section 2.3 of this Circular for further information on the Independent Valuer and the Board’s views thereon.

Interested Person Transaction

Dr Lin, who is a controlling shareholder of the Company, holds 50% of the shares in Feynman, which will hold 44.46% of the Consortium (which will in turn wholly owns the Buyer). Pursuant to Chapter 9 of the Listing Manual, the Buyer will be an associate of Dr Lin, and the Buyer will be regarded as an “interested person” and the Proposed Disposal will thus constitute an “interested person transaction”. The Disposal Consideration would constitute the “amount at risk” for the interested person transaction.

As the Disposal Consideration represents approximately 2,229% of the Group’s audited NTA attributable to owners for FY2024, the Proposed Disposal will be subject to the approval of the independent Shareholders pursuant to Rule 906(1) of the Listing Manual.

Major Transaction

The Proposed Disposal will be classified as a major transaction under Chapter 10 of the Listing Manual and is conditional upon the approval of Shareholders at the EGM to be convened.

THE PROPOSED CAPITAL REDUCTION AND PROPOSED DISTRIBUTION

Subject to approval of the Shareholders of the EGM, the Company is proposing to return approximately the S\$ equivalent of up to RMB248,650,294, based on the Applicable Exchange Rate, *pro-rata*, to all Shareholders, amounting to S\$0.03, subject to any adjustments based on the Applicable Exchange Rate, for each Share held by the Shareholders or on their behalf as at the Capital Reduction Record Date, based on the total number of 1,534,878,360 Shares in existence, pursuant to Section 78A read with Section 78C of the Companies Act.

The aggregate amount to be paid to each Shareholder pursuant to the Proposed Distribution will be paid in S\$ based on the Applicable Exchange Rate.

OVERVIEW

RATIONALE FOR THE PROPOSED DISPOSAL, PROPOSED CAPITAL REDUCTION AND PROPOSED DISTRIBUTION

Proposed Disposal

The Board believes that the Proposed Disposal would be in the interests of the Company for the following reasons:

- (a) Improve financial performance and allay cash flow concerns
- (b) Eliminate the high capital outlay of the Artificial Intelligence business
- (c) The Proposed Disposal presents an opportunity to maximise value for Shareholders
- (d) Strategic realignment and focus on achieving profitability in the near term

Proposed Capital Reduction and Proposed Distribution

The Board is committed to enhancing Shareholders' return in their investment in the Company. The Board is of the view that the Proposed Distribution amount is in excess of the immediate requirements of the Company, and the Proposed Distribution, if effected, would result in the Company having a more efficient capital structure, and at the same time, also improve Shareholders' return on equity.

RECOMMENDATION OF THE INDEPENDENT FINANCIAL ADVISER

Based on the IFA Letter, having regard to the considerations as set out in the IFA Letter and the information available to the IFA as at the Latest Practicable Date, the IFA is of the opinion that, on balance, the Proposed Disposal as an interested person transaction is on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. Accordingly, the IFA advises the Non-interested Directors to recommend that the independent Shareholders vote in favour of the Proposed Disposal. A copy of the IFA Letter dated 7 April 2025 is set out in Appendix A of this Circular. Shareholders are advised to read the IFA Letter carefully.

RECOMMENDATION OF THE DIRECTORS

Proposed Disposal

The Non-interested Directors having reviewed and considered, *inter alia*, the terms, rationale and financial effects of the Proposed Disposal, as well as the advice and opinion of the IFA, the Non-interested Directors are of the opinion that the Proposed Disposal are in the interests of the Company and accordingly recommend that independent Shareholders **vote in favour** of the ordinary resolution relating to the Proposed Disposal, as set out in the Notice of EGM.

Proposed Capital Reduction and Proposed Distribution

The Non-interested Directors having reviewed and considered, *inter alia*, the terms and financial effects of the Proposed Capital Reduction and the Proposed Distribution, the Non-interested Directors are of the opinion that the Proposed Capital Reduction and the Proposed Distribution are in the interests of the Company. Accordingly, they recommend that independent Shareholders **vote in favour** of the special resolution to approve the Proposed Capital Reduction and the Proposed Distribution, as set out in the Notice of EGM.

DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires:

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| “ACRA” | : | Accounting and Corporate Regulatory Authority of Singapore |
| “AIWater” | : | AIWater (Anhui) Co., Ltd. |
| “AIWater Cash Consideration” | : | Has the meaning ascribed to it in Section 3.2(b) of this Circular |
| “AIWater Disposal” | : | Has the meaning ascribed to it in Section 1.1(a) of this Circular |
| “AIWater Group” or “Target Companies” | : | AIWater, UG Water and Xinwo AI |
| “AIWater Sale Shares” | : | Has the meaning ascribed to it in Section 1.1(a) of this Circular |
| “AIWater SPA” | | Has the meaning ascribed to it in Section 1.1(a) of this Circular |
| “Announcements” | : | The Disposal 13 Jan 2025 Announcement and the Cash Distribution 28 February Announcement |
| “Applicable Exchange Rate” | : | The S\$:RMB exchange rate to be announced by the Company in due course |
| “Associate” | : | (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: <ul style="list-style-type: none">(i) his immediate family;(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; |

DEFINITIONS

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| | | (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more |
| “Audit Committee” | : | The audit committee of the Company as at the Latest Practicable Date |
| “Balance Disposal Consideration” | : | Has the meaning ascribed to it in Section 1.1(a) of this Circular |
| “Board” | : | The board of Directors of the Company as at the date of this Circular |
| “Bondholder” | : | The sole holder of the Bonds |
| “Bonds” | : | Has the meaning ascribed to it in Section 1.3(b) of this Circular |
| “Buyer” | : | WJL Holding Pte. Ltd. |
| “Cash Distribution 28 February Announcement” | : | The announcement by the Company dated 28 February 2025 in relation to the entry into the Set Off Agreement, the Proposed Capital Reduction, the Proposed Distribution and the Relevant Payment |
| “Capital Reduction Record Date” | : | Such time and date as may be determined by the Directors in their absolute discretion as they deem fit and announced by the Company, at and on which the Register of Members and the share transfer books of the Company will be closed for the purpose of determining the entitlements of Shareholders to the Proposed Distribution pursuant to the Proposed Capital Reduction |
| “CDP” | : | The Central Depository (Pte) Limited |
| “Circular” | : | This circular to Shareholders dated 7 April 2025 |
| “Companies Act” | : | The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time |
| “Company” | : | Leader Environmental Technologies Limited |
| “Completion” | : | Completion of the Proposed Disposal in accordance with the terms of the SPAs |

DEFINITIONS

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| “Completion Date” | : | The date the last of the conditions precedent under the SPAs is fulfilled or waived in accordance with the SPAs (or such other date as may be agreed in writing between the parties to the SPAs) |
| “Conditions Precedent” | : | Has the meaning ascribed to it in Section 3.3 of this Circular |
| “Consortium” | : | United AI Greentech Ltd |
| “Consortium Shares” | : | Has the meaning ascribed to it in Section 3.4(a) in this Circular. |
| “controlling shareholder” | : | <p>A person who:</p> <p>(a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in the Company. The SGX-ST may determine that a person who satisfies this definition is not a controlling shareholder; or</p> <p>(b) in fact exercises control over the Company</p> |
| “Court” | : | The General Division of the High Court of Singapore |
| “CPF” | : | The Central Provident Fund of Singapore |
| “Directors” | : | The directors of the Company as at the Latest Practicable Date |
| “Disposal Consideration” | : | Has the meaning ascribed to it in Section 3.2 of this Circular |
| “Disposal 13 Jan 2025 Announcement” | : | The announcement by the Company dated 13 January 2025 in relation to the Proposed Disposal |
| “Dr Lin” | : | Dr Lin Yucheng |
| “Effective Date” | : | The date on which the Proposed Capital Reduction becomes effective |
| “Entitled Shareholders” | : | Has the meaning ascribed to it in Section 7.9(a)(i) of this Circular |
| “Entitlements” | : | Has the meaning ascribed to it in Section 7.2 of this Circular |

DEFINITIONS

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| “entity at risk” | : | <ul style="list-style-type: none"> (a) the Company; (b) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or (c) an associated company of the Company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company |
| “EGM” | : | The extraordinary general meeting of the Company to be held on Tuesday, 29 April 2025 at 10.30 am (or as soon thereafter following the conclusion of the annual general meeting of the Company to be held at 10.00 am on the same day and at the same place), notice of which is given on pages C-1 to C-4 of this Circular |
| “EPS” | : | Earnings per Share |
| “Feynman” | : | Feynman Capital Pte. Ltd. |
| “FY” | : | Financial year ended or ending 31 December |
| “FY2024” | : | The financial year ended 31 December 2024 |
| “Group” | : | The Company and its subsidiaries from time to time |
| “IFA” | : | SAC Capital Private Limited, the independent financial adviser to the Non-interested Directors in relation to the Proposed Disposal |
| “IFA Letter” | : | The IFA’s letter dated 7 April 2025 to the Non-interested Directors, as set out in Appendix A to this Circular |
| “Independent Valuer” or “NAVI” | : | Navi Corporate Advisory Pte Ltd |
| “InnoVision SAL” | : | InnoVision Super Aqua Limited |
| “InnoVision SAL PN” | : | The promissory note in the principal amount of RMB34,710,120 issued by InnoVision SAL |
| “interested person” | : | <ul style="list-style-type: none"> (a) a director, chief executive officer, or controlling shareholder of the Company; or (b) an Associate of any such director, chief executive officer, or controlling shareholder. |

DEFINITIONS

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| | | The SGX-ST may deem any person or entity to be an interested person if the person or entity has entered into, or proposes to enter into: (i) a transaction with an “entity at risk”; and (ii) an agreement or arrangement with an interested person in connection with that transaction |
| “IVAS” | : | Institute of Valuers and Appraisers, Singapore |
| “Last Trading Day” | : | 10 January 2025, being the last market day preceding the date of the SPA |
| “Latest Practicable Date” | : | 25 March 2025, being the latest practicable date prior to the despatch of this Circular |
| “Leader Environmental Technologies Share Option Scheme” | : | The Leader Environmental Technologies Limited Share Option Scheme approved and adopted by the Shareholders on 23 December 2021 |
| “Leader Share Options” | : | The options granted pursuant to the Leader Share Option Scheme |
| “Lin PN” | : | The promissory note in the principal amount of RMB67,194,279 issued by Dr Lin |
| “Listing Manual” | : | The listing manual of the SGX-ST, as may be amended, modified or supplemented from time to time |
| “Market Day” | : | A day on which the SGX-ST is open for trading in securities |
| “Ms Pan” | : | Ms Pan Shuhong |
| “NAV” | : | Net asset value |
| “Non-interested Directors” | : | The Directors who are considered independent in relation to the Proposed Disposal, being as at the Latest Practicable Date, Mr Ngoo Lin Fong, Mr Lim Kuan Meng, Mr Lee Suan Hiang, Dr Ng Wun Jern and Ms Ng Sook Zhen |
| “Notice of EGM” | : | The notice of EGM set out on pages C-1 to C-4 of this Circular |
| “NTA” | : | Net tangible asset |
| “Ordinary Resolution” | : | The ordinary resolution to approve the Proposed Disposal as set out in the Notice of EGM |
| “Pan PN” | : | The promissory note in the principal amount of RMB27,248,238 issued by Ms Pan |

DEFINITIONS

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|-------------------------------------|---|--|
| “Payment Date” | : | The payment date for Shareholders’ entitlements to the Proposed Distribution pursuant to the Proposed Capital Reduction, to be announced by the Company in due course |
| “PRC” or “China” | : | The People’s Republic of China (excluding the Special Administrative Regions of Hong Kong and Macau) |
| “Promissory Notes” | : | The Lin PN, Pan PN and InnoVision SAL PN |
| “Proposed Capital Reduction” | : | The proposed capital reduction exercise to be undertaken by the Company pursuant to Section 78A read with Section 78C of the Companies Act to effect the Proposed Distribution, details of which are set out in Section 7 of this Circular |
| “Proposed Cash Distribution” | : | Has the meaning ascribed to it in Section 1.3(a)(i) of this Circular |
| “Proposed Distribution” | : | The proposed conditional aggregate distribution by the Company to Shareholders of approximately S\$0.03, subject to any adjustments based on the Applicable Exchange Rate, for each Share held by Shareholders or on their behalf as at the Capital Reduction Record Date, amounting to an aggregate distribution of the S\$ equivalent of up to approximately RMB248,650,294, based on the Applicable Exchange Rate, details of which are set out in Section 7 of this Circular |
| “Proposed Disposal” | : | The proposed disposal by United Greentech to the Buyer of the AIWater Sale Shares and the UG Water Sale Shares, on the terms and subject to the conditions set out in the SPAs |
| “Proposed Transactions” | : | Has the meaning ascribed to it in Section 1.1 of this Circular |
| “Proxy Form” | : | The proxy form in respect of the EGM as set out in this Circular |
| “Register of Members” | : | Register of members of the Company |
| “Relevant Payment” | : | Has the meaning ascribed to it in Section 1.3(b) of this Circular |
| “RMB” | : | PRC Renminbi |
| “Securities Accounts” | : | Securities accounts maintained by Depositors with CDP, but not including securities sub-accounts maintained with a Depository Agent |

DEFINITIONS

| | | |
|--------------------------------------|---|---|
| “Set Off Agreement” | : | Has the meaning ascribed to it in Section 1.1(c) of this Circular |
| “Set Off Arrangements” | : | Has the meaning ascribed to it in Section 3.4 of this Circular. |
| “SFA” | : | The Securities and Futures Act 2001 of Singapore, as amended, modified or supplemented from time to time |
| “SGX-ST” | : | Singapore Exchange Securities Trading Limited |
| “SGXNET” | : | The system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST |
| “Share Registrar” or “Tricor” | : | Tricor Barbinder Share Registration Services |
| “Shareholders” | : | Registered holders of Shares in the Register of Members, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, and where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and whose Securities Accounts maintained by CDP are credited with those Shares |
| “Shares” | : | Ordinary shares in the capital of the Company |
| “Solvency Statement” | : | The solvency statement(s) to be given by the Directors as required under Section 78C of the Companies Act for the purpose of the Proposed Capital Reduction |
| “Special Resolution” | : | The special resolution to approve the Proposed Capital Reduction and Proposed Distribution as set out in the Notice of EGM |
| “SPAs” | : | AIWater SPA and UG Water SPA |
| “SRS Investor” | : | An investor who holds shares under the Supplementary Retirement Scheme |
| “Subscription Price” | : | Has the meaning ascribed to it in Section 3.4(a) of this Circular |
| “Substantial Shareholder” | : | A person who has an interest directly or indirectly in 5% or more of the total number of voting Shares of the Company |

DEFINITIONS

| | | |
|--------------------------------------|---|---|
| “Summarised Valuation Report” | : | The summarised valuation report dated 7 April 2025 in respect of the Valuation Report, a copy of which is set out in Appendix B of this Circular |
| “S\$” and “cents” | : | Singapore dollars and cents respectively |
| “UGH Capital Reduction” | : | Has the meaning ascribed to it in Section 3.4(d) of this Circular |
| “UG Water” | : | UG Water Pte. Ltd. |
| “UG Water Sale Shares” | : | Has the meaning ascribed to it in Section 1.1(b) of this Circular |
| “UG Water SPA” | : | Has the meaning ascribed to it in Section 1.1(b) of this Circular |
| “UGW Consideration” | : | Has the meaning ascribed to it in Section 3.2(a) of this Circular |
| “United Greentech” | : | United Greentech Holdings Pte. Ltd. |
| “Valuation Report” | : | The valuation report dated 7 April 2025 issued by NAVI in respect of the market value of 70% equity interest in AIWater and 50% equity interest in UG Water |
| “Xinwo AI” | : | Xinwo AIWater (Hubei) Co., Ltd. |
| “%” | : | Percentage or per centum |

In this Circular, unless otherwise stated, the exchange rate of S\$1.00: RMB5.42 shall apply in respect of any conversion between S\$ and RMB, based on the rates obtained from the Monetary Authority of Singapore as at the Latest Practicable Date.

The term **“subsidiary”**, **“subsidiary holdings”**, **“related corporation”** and **“treasury shares”** shall have the meanings ascribed to them in the Companies Act.

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

References to **“subsidiary”** and **“related corporation”** shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

References to **“you”**, **“your”** and **“yours”** in this Circular are, as the context so determines, to Shareholders.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing one gender shall include the other gender. References to persons shall, where applicable, include corporations.

DEFINITIONS

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA or the Listing Manual or any modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA or the Listing Manual or any modification thereof, as the case may be, unless the context otherwise requires.

Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Any discrepancies in figures included in this Circular between the amounts shown and the total thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Unless otherwise stated, references in this Circular to the total number of issued Shares are based on 1,534,878,360 Shares in issue as at the Latest Practicable Date.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “aim”, “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “potential”, “strategy”, “forecast”, “possible”, “probable” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” or “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information as at the Latest Practicable Date. Such forward-looking statements are not guarantees of future results, performance, events or achievements and involve known and unknown risks and uncertainties. Accordingly, actual results or outcomes may differ materially from those described in such forward-looking statements. Given the risks and uncertainties involved, Shareholders and investors should not place undue reliance on such forward-looking statements, and neither the Company nor the IFA undertakes any obligation to update publicly or revise any forward-looking statement, subject to compliance with all applicable laws and regulations and/or rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED

(Company Registration Number: 200611799H)
(Incorporated in the Republic of Singapore)

Board of Directors:

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

Registered Office:

38 Beach Road
South Beach Tower
#29-11
Singapore 189767

7 April 2025

To: The Shareholders of Leader Environmental Technologies Limited

Dear Sir/Madam

(1) **THE PROPOSED DISPOSAL OF THE AIWATER GROUP AS AN INTERESTED PERSON TRANSACTION AND A MAJOR TRANSACTION**

(2) **THE PROPOSED CAPITAL REDUCTION AND THE PROPOSED DISTRIBUTION**

1. **INTRODUCTION**

1.1. **Proposed Disposal**

Leader Environmental Technologies Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) had announced on 13 January 2025 and 28 February 2025 that the Company had, through its wholly-owned subsidiary, United Greentech Holdings Pte. Ltd. (“**United Greentech**”), on 12 January 2025 and 28 February 2025 entered into:

- (a) a conditional share sale and purchase agreement (“**AIWater SPA**”) with WJL Holding Pte. Ltd. (the “**Buyer**”) in relation to the proposed disposal of all the shares in the capital of AIWater (Anhui) Co., Ltd. (“**AIWater**”) held by United Greentech (“**AIWater Disposal**”), representing 70% of the share capital of AIWater (“**AIWater Sale Shares**”), to the Buyer for a total consideration of RMB234,847,363 in cash (equivalent to approximately S\$43.3 million) and RMB129,152,637 (equivalent to approximately S\$23.8 million) (“**Balance Disposal Consideration**”) by way of the Set Off Arrangements. The Buyer is currently a shareholder of AIWater, holding the remaining 30% of the share capital of AIWater;
- (b) a conditional share sale and purchase agreement (“**UG Water SPA**” together with the AIWater SPA, the “**SPAs**”) with the Buyer in relation to the proposed disposal of all the shares in the capital of UG Water Pte. Ltd. (“**UG Water**”) held by United Greentech (“**UG Water Disposal**” together with the AIWater Disposal, the “**Proposed Disposal**”), representing 50% of the share capital of UG Water (“**UG Water Sale Shares**”), for a total consideration of RMB6,000,000 (equivalent to approximately S\$1.1 million) to be satisfied in cash. Mr Gong Shuyi holds the remaining 50% of the share capital in UG Water. UG Water in turn wholly owns Xinwo AIWater (Hubei) Co., Ltd. (“**Xinwo AI**”, and together with AIWater, the “**Target Companies**”). Please refer to Section 2.1 of this Circular for further details of Mr Gong Shuyi; and

LETTER TO SHAREHOLDERS

- (c) a set off agreement (“**Set Off Agreement**”) with the Company, InnoVision Super Aqua Limited (“**InnoVision SAL**”), Dr Lin Yucheng (“**Dr Lin**”), Ms Pan Shuhong (“**Ms Pan**”), United AI Greentech Ltd (“**Consortium**”), Feynman Capital Pte. Ltd. (“**Feynman**”) and the Buyer, in relation to, *inter alia*, the satisfaction of the consideration payable under the AIWater SPA in part by the Set Off Arrangements,

(collectively, the “**Proposed Transactions**”).

Following completion of the Proposed Transactions (“**Completion**”), the Company will cease to have any interest in AIWater, UG Water and Xinwo AI (collectively, the “**AIWater Group**”).

1.2. The Proposed Disposal

The Proposed Disposal constitutes:

- (a) a “Major Transaction” as defined under Chapter 10 of the Listing Manual. Please refer to Section 6.1 of this Circular for further details on the relative figures in respect of the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual; and
- (b) an “interested person transaction” as defined under Chapter 9 of the Listing Manual. Please refer to Section 5 of this Circular for further details on the Proposed Disposal as an interested person transaction.

The Proposed Disposal is subject to approval by Shareholders. Further details on the Proposed Disposal and the Set Off Arrangements are set out in Sections 3 – 6 of this Circular.

1.3. Proposed Capital Reduction, Proposed Distribution and Relevant Payment

- (a) Subject to Completion, and to reward Shareholders and the Bondholder for their support, the Company proposes to make a conditional aggregate distribution (“**Proposed Distribution**”) of the S\$ equivalent of up to RMB248,650,294, based on the Applicable Exchange Rate, to Shareholders via a capital reduction exercise (“**Proposed Capital Reduction**”), which will involve:
 - (i) a cash distribution to Shareholders of the S\$ equivalent of up to RMB154,207,777, based on the Applicable Exchange Rate, being approximately S\$0.03, subject to any adjustments based on the Applicable Exchange Rate, for each Share held by a Shareholder as at the Capital Reduction Record Date to be determined by the Directors (“**Proposed Cash Distribution**”); and
 - (ii) an assignment of the Company’s rights under the Lin PN and Pan PN, amounting to the principal amounts of RMB67,194,279 and RMB27,248,238 to each of Dr Lin and Ms Pan respectively, in satisfaction of their entitlements to receive the S\$ equivalent of up to RMB67,194,279 and RMB27,248,238 based on the Applicable Exchange Rate pursuant to the Proposed Distribution respectively.

The Proposed Capital Reduction, to be effected by way of Section 78A read with Section 78C of the Companies Act, will be subject to approval of the independent Shareholders by way of special resolution at the EGM.

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- (b) In connection with the Proposed Distribution, a sum of the S\$ equivalent of up to RMB34,710,120, based on the Applicable Exchange Rate, to InnoVision SAL (“**Relevant Payment**”) as Bondholder pursuant to the terms and conditions of the redeemable zero-coupon convertible bonds in aggregate principal amount of US\$15 million issued by the Company (“**Bonds**”), whereby in the event of any distribution of dividends by the Company, InnoVision SAL as a holder of the Bonds (“**Bondholder**”), will be entitled to receive from the Company an amount equivalent to the dividends which would have been received by InnoVision SAL as if the Bonds had been fully converted into Shares.

The aggregate amount to be paid to each Shareholder and the Bondholder pursuant to the Proposed Distribution and Relevant Payment will be paid in S\$ based on the Applicable Exchange Rate.

Further details on the Proposed Capital Reduction, the Proposed Distribution and the Relevant Payment are set out in Section 7 of this Circular.

1.4. Legal Adviser

Rajah & Tann Singapore LLP has been appointed as the legal adviser to the Company in respect of the Proposed Transactions, the Proposed Capital Reduction and Proposed Distribution.

1.5. EGM

The Company is convening an EGM to be held at Novotel Singapore on Stevens, Draco Room, 28 Stevens Road, Singapore 257878 on Tuesday, 29 April 2025 at 10.30 am (or as soon thereafter following the conclusion of the annual general meeting of the Company to be held at 10.00 am on the same day and at the same place), the notice of which is set out at pages C-1 to C-4 of this Circular, to seek Shareholders’ and independent Shareholders’ approval (as the case may be) for the Proposed Disposal, Proposed Capital Reduction and the Proposed Distribution.

1.6. Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information pertaining to the Proposed Disposal and to seek Shareholders’ or independent Shareholders’ approval (as the case may be) for the following proposals at the forthcoming EGM:

- (a) the Proposed Disposal as an ordinary resolution; and
- (b) the Proposed Capital Reduction and the Proposed Distribution as a special resolution.

The SGX-ST assumes no responsibility for the correctness or accuracy of any of the statements or opinions made, reports contained and opinions expressed in this Circular. **If any Shareholder is in any doubt as to the action he should take, he should consult his bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.**

LETTER TO SHAREHOLDERS

1.7. Inter-conditionality of Resolutions

Shareholders should note that the Ordinary Resolution for the Proposed Disposal and the Special Resolution for the Proposed Capital Reduction and the Proposed Distribution will be inter-conditional upon one another. This means that if one resolution is not approved, the other resolution will not be passed.

2. INFORMATION ON THE AIWATER GROUP, THE BUYER AND THE CONSORTIUM

2.1. Information on the AIWater Group

AIWater

AIWater is a company incorporated in the People's Republic of China on 29 September 2021. Since the date of incorporation of AIWater and up to the Latest Practicable Date, the Company, through United Greentech, has made capital injections of approximately RMB28.0 million into AIWater. It is principally engaged in the business of developing and utilising artificial intelligent technology in the management of wastewater treatment plants.

As at the Latest Practicable Date, United Greentech (a wholly-owned subsidiary of the Company) holds 70% of the share capital in AIWater. AIWater has a registered capital of RMB65,000,000 with a paid-up registered capital of RMB37,999,500. The Buyer holds the remaining 30% of the share capital in AIWater.

UG Water

UG Water is an investment holding company incorporated in the Republic of Singapore on 20 December 2023. Since the date of incorporation of UG Water and up to the Latest Practicable Date, the Company, through United Greentech, has made capital injections of RMB54,735 into UG Water.

As at the Latest Practicable Date, United Greentech holds 50% of the share capital in UG Water, and Mr Gong Shuyi holds the remaining 50% of the share capital in UG Water. Mr Gong Shuyi is also a director of UG Water.

Save as disclosed, Mr Gong Shuyi: (i) does not hold, directly or indirectly, any ordinary shares in the issued and paid-up capital of any Group entity or the Buyer; and (ii) does not hold any directorship or office in any Group entity or the Buyer.

Xinwo AI

Xinwo AI is a company incorporated in the People's Republic of China, and it is a wholly-owned subsidiary of UG Water. Xinwo AI is principally engaged in the business of the management of wastewater treatment plants, and it utilises the wastewater treatment plant management system developed by AIWater. Since the date of incorporation of Xinwo AI and up to the Latest Practicable Date, the Company, through United Greentech and UG Water, has made capital injections of RMB100,000 into Xinwo AI.

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2.2. Historical Pro Forma Financial Performance and Condition of the Target Companies

Certain financial information relating to each of the Target Companies for the financial years ended 31 December 2022 (“FY2022”), 31 December 2023 (“FY2023”) and 31 December 2024 (“FY2024”) are set out below.

Xinwo AI started operations only in June 2024 for the sole purpose of providing operations and maintenance support services to one of AIWater’s customers. The salient figures are based on the unaudited financial statements of the Target Companies for FY2022, FY2023 and FY2024. Such financial information should also be read in conjunction with (i) the audited consolidated financial statements of the Group for the corresponding financial years and the accompanying notes as set out therein, and (ii) where applicable, additional notes by the Management as set out in Paragraph 4.2 of the IFA Letter.

(a) Unaudited Profit or Loss Statements:

| (RMB'000) | FY2022 | | | FY2023 | | | FY2024 | | |
|--|----------------|----------|----------|----------------|----------|----------|----------------|-------------|--------------|
| | AI Water | UG Water | Xinwo AI | AI Water | UG Water | Xinwo AI | AI Water | UG Water | Xinwo AI |
| Revenue | 1,236 | – | – | 6,404 | – | – | 8,982 | – | 16,221 |
| Cost of sales | (483) | – | – | (5,448) | – | – | (8,862) | – | (8,674) |
| Gross profit | 753 | – | – | 956 | – | – | 120 | – | 7,547 |
| Other income | 139 | – | – | 54 | – | – | 24 | – | – |
| General and administrative expenses ⁽¹⁾ | (3,400) | – | – | (7,727) | – | – | (6,519) | (23) | (372) |
| Selling and distribution costs | – | – | – | (703) | – | – | (919) | – | – |
| Finance costs | (19) | – | – | (11) | – | – | (8) | – | – |
| Profit (Loss) before income tax | (2,527) | – | – | (7,431) | – | – | (7,302) | (23) | 7,175 |
| Income tax expense | – | – | – | – | – | – | – | – | (1,794) |
| Profit (Loss) after income tax | (2,527) | – | – | (7,431) | – | – | (7,302) | (23) | 5,381 |
| Non-controlling interest (“NCI”) | 758 | – | – | 2,229 | – | – | 2,191 | 12 | (2,691) |
| Profit (Loss) after income tax after NCI | (1,769) | – | – | (5,202) | – | – | (5,111) | (11) | 2,690 |

Note:

- (1) We had not taken into account the general and administrative expenses pertaining to staff and related costs for the technical and sales team whose payroll was incurred under the Company. Such relevant staff and related costs amounted to RMB684,000, RMB2,366,000 and RMB3,366,000 for FY2022, FY2023 and FY2024 respectively. The above did not include any other common cost allocation (e.g. key management cost, HQ rental etc) by the Company to the Target Companies.

LETTER TO SHAREHOLDERS

(b) Unaudited Statements of Financial Position:

| (RMB'000) | FY2022 | | | FY2023 | | | FY2024 | | |
|--------------------------------------|--------------|----------|----------|---------------|----------|----------|---------------|------------|---------------|
| | AI Water | UG Water | Xinwo AI | AI Water | UG Water | Xinwo AI | AI Water | UG Water | Xinwo AI |
| Current assets | | | | | | | | | |
| Cash and bank balances | 3,372 | – | – | 9,538 | – | – | 5,744 | 200 | 189 |
| Contract assets | 390 | – | – | 2,676 | – | – | 2,827 | – | 10,343 |
| Trade and other receivables | 555 | – | – | 2,468 | – | – | 4,400 | 54 | 1,722 |
| Inventories | 23 | – | – | 2 | – | – | 226 | – | 480 |
| Prepayments | 70 | – | – | 124 | – | – | 145 | – | – |
| Total current assets | 4,410 | – | – | 14,808 | – | – | 13,342 | 254 | 12,734 |
| Non-current assets | | | | | | | | | |
| Investment in subsidiary | – | – | – | – | – | – | – | 100 | – |
| Construction in progress | – | – | – | 2,778 | – | – | 7,152 | – | – |
| Software development | 2,374 | – | – | 2,744 | – | – | 4,046 | – | – |
| Property, plant and equipment | 1,823 | – | – | 1,364 | – | – | 3,441 | – | 19 |
| Right-of-use assets | 234 | – | – | 112 | – | – | 703 | – | – |
| Long term prepaid expenses | – | – | – | 100 | – | – | – | – | – |
| Total non-current assets | 4,431 | – | – | 7,098 | – | – | 15,342 | 100 | 19 |
| Total assets | 8,841 | – | – | 21,906 | – | – | 28,684 | 354 | 12,753 |
| Current liabilities | | | | | | | | | |
| Trade and other payables | 582 | – | – | 1,458 | – | – | 5,583 | 250 | 4,613 |
| Other liabilities | 649 | – | – | 2,241 | – | – | 1,307 | 18 | 865 |
| Lease liabilities | 166 | – | – | – | – | – | 226 | – | – |
| Total current liabilities | 1,397 | – | – | 3,699 | – | – | 7,116 | 268 | 5,478 |
| Non-current liabilities | | | | | | | | | |
| Lease liabilities | 89 | – | – | 89 | – | – | 379 | – | – |
| Deferred tax liabilities | – | – | – | – | – | – | – | – | 1,794 |
| Total non-current liabilities | 89 | – | – | 89 | – | – | 379 | – | 1,794 |
| Total liabilities | 1,486 | – | – | 3,788 | – | – | 7,495 | 268 | 7,272 |
| Net assets | 7,355 | – | – | 18,118 | – | – | 21,189 | 86 | 5,481 |

LETTER TO SHAREHOLDERS

| (RMB'000) | FY2022 | | | FY2023 | | | FY2024 | | |
|--------------------------|--------------|----------|----------|---------------|----------|----------|---------------|-----------|--------------|
| | AI Water | UG Water | Xinwo AI | AI Water | UG Water | Xinwo AI | AI Water | UG Water | Xinwo AI |
| Equity | | | | | | | | | |
| Share capital | 10,000 | – | – | 27,942 | – | – | 38,000 | 109 | 100 |
| Capital reserve | – | – | – | 252 | – | – | 567 | – | – |
| Accumulated losses | (1,852) | – | – | (7,053) | – | – | (12,165) | (11) | 2,690 |
| Non-controlling interest | (793) | – | – | (3,023) | – | – | (5,213) | (12) | 2,691 |
| Total equity | 7,355 | – | – | 18,118 | – | – | 21,189 | 86 | 5,481 |

- (c) the book value, net tangible asset value (“NTA”) and net profit (loss) after tax of the Target Companies were as follows:

| | Book Value | | NTA | | Net Profit (Loss) after tax | |
|----------|------------|-----------|----------|-----------|-----------------------------|-----------|
| | (\$'000) | (RMB'000) | (\$'000) | (RMB'000) | (\$'000) | (RMB'000) |
| AI Water | 3,909 | 21,189 | 3,163 | 17,143 | (1,347) | (7,302) |
| UG Water | 16 | 86 | 16 | 86 | (4) | (23) |
| Xinwo AI | 1,011 | 5,481 | 1,011 | 5,481 | 993 | 5,381 |

As at the date of this Circular, there is no available open market valuation of the shares of the Target Companies as they are not publicly traded. For the purpose of the Proposed Disposal, the Company has engaged NAVI to conduct independent equity valuation on the Target Companies as at 31 August 2024.

The Directors confirms that as the Latest Practicable Date, and to the best of their knowledge and belief:

- (i) they are not aware of any material differences between the estimated market value of the assets held by the Target Companies vis-à-vis their respective book values recorded in the unaudited pro forma statements of financial position of the Target Companies as at 31 December 2024;
- (ii) they are not aware of any circumstances which may cause the NAV and NTA of the Target Companies as at the Latest Practicable Date to be materially different from that recorded in the unaudited pro forma statements of financial position of the Target Companies as at 31 December 2024;
- (iii) there are no contingent liabilities, bad or doubtful debts or impairment losses or material events as at the Latest Practicable Date which are likely to have a material impact on the NAV and NTA of the Target Companies as at 31 December 2024;
- (iv) there are no litigation, claim or proceedings pending or threatened against the Target Companies or of any fact which would give rise to any proceedings which are likely to have a material impact on the NAV and NTA of the Target Companies as at 31 December 2024;

LETTER TO SHAREHOLDERS

- (v) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Target Companies in accordance with the SFRS and which have not been so disclosed and where that would have a material impact on the NAV and NTA of the Target Companies; and
- (vi) save for the Proposed Disposal and related matters as disclosed above and in the Circular, there are no material acquisitions or disposal of assets by the Target Companies between 31 December 2024 and the Latest Practicable Date, and the Target Companies does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of the Target Companies' material assets or material change in the nature of the Target Companies' business.

2.3. Valuation of the Target Companies

The independent valuation was commissioned by the Company. As stated in the Summarised Valuation Report, the market value of 70% of the equity interest in the capital of AIWater and 50% of the equity interest in the capital of UG Water, as at 31 August 2024, subject to the assumptions therein, is between RMB37.0 million and RMB43.9 million (equivalent to approximately S\$6.8 million and S\$8.1 million). The valuation was conducted on a market value basis in accordance with the International Valuation Standards (2025) using the income approach with market approach as a cross check. The Audit Committee has reviewed and agrees with the key assumptions, methodology adopted, valuation range determined by NAVI based on the assumptions used and methodology adopted and the factors taken into account including but not limited to, the historical financial position, operation and performance, the financial projections and current operating environment of the Target Companies, in its assessment for its equity valuation.

The Summarised Valuation Report is set out in Appendix B of this Circular which is prepared in accordance with Practice Note 2: Minimum Disclosure Requirements for Summary Valuation Letters issued by the IVAS. Shareholders are advised to read the Summarised Valuation Report carefully in its entirety.

NAVI has confirmed that, to the best of its knowledge, nothing has come to its attention of any material developments or changes between the valuation date of 31 August 2024 and the Latest Practicable Date, which may have a material impact on the valuation conducted on the Target Companies. The Board of Directors confirms that, to the best of its knowledge, nothing has come to its attention of any material developments or changes between the valuation date of 31 August 2024 and the Latest Practicable Date, which may have a material impact on the financial information of the Target Companies provided by the Company to NAVI.

NAVI was founded in 2022 and currently has a team of more than five professionals performing the business valuation function, including its Chief Executive Officer, Mr Richard Yap, who have experience in corporate finance, strategy and business valuation and advisory work. NAVI is a corporate member of International Valuation Standard Council (the independent global standard setter for the valuation profession).

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Mr Richard Yap is a member of the IVAS who holds the certification of Chartered Valuer Appraisal and has the requisite certification for conducting business valuation. Mr Richard Yap has around 15 years of experience as a business valuer. He has conducted business valuations on companies located/operating in countries such as Singapore, Malaysia, Indonesia, China and India for transaction purpose. Beside valuations for transaction purpose, Mr Richard Yap also conducts valuations for financial reporting purpose such as purchase price allocation exercise, share option valuation and impairment assessment of companies operating in China, Vietnam and Thailand.

The Board has considered NAVI's track record and credentials, and believes that the valuation conducted by NAVI was conducted independently by qualified and competent valuation professionals.

On the basis that NAVI is a corporate member of International Valuation Standard Council (the independent global standard setter for the valuation profession), and the Summarised Valuation Report was prepared in accordance with Practice Note 2: Minimum Disclosure Requirements for Summary Valuation Letters issued by the IVAS, the Board confirms that: (a) the key assumptions and estimates used for the valuation, such as forward-looking earnings or cash flow projections, and peer or reference companies are reasonable; (b) no material uncertainties belie the projections; and (c) the valuation conclusion and limitation(s) as disclosed in the Summarised Valuation Report are acceptable.

None of the Directors, the Controlling Shareholders or their respective Associates have any interests, direct or indirect in NAVI.

2.4. Information on the Buyer

The Buyer is a company incorporated in Singapore on 8 June 2023 and is principally engaged in the business of investment holding. As at the Latest Practicable Date, the Consortium is the sole shareholder of the Buyer, and the Buyer's directors are Mr Zhao Fu and Ms Huang Wenjing. Ms Huang Wenjing holds approximately 1.33% of the Company's issued shares.

2.5. Information on the Consortium

United AI Greentech Ltd (the "**Consortium**") is a company incorporated in Cayman Islands on 19 September 2024 for the purpose of undertaking the Proposed Transactions. As at the Latest Practicable Date, the Consortium is owned by Feynman (66.67%) and InnoVision SAL (33.33%). Its directors are Mr Zhao Fu, Mr Zhou Bo, Mr Li Li, Ms Pan Shuhong ("**Ms Pan**") and Ms Lien Cheng. Mr Li Li is the chief executive officer of the Company and holds approximately 0.30% of its issued Shares. Ms Lien Cheng holds approximately 0.44% of the Company's issued shares.

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The Company is informed that the Consortium is undergoing an internal restructuring (“**Buyer Restructuring**”) of the Consortium such that upon the receipt of all regulatory and third party approvals being obtained for the Proposed Disposal by the parties and prior to Completion, the Consortium will comprise the following entities or their designated nominees as members (“**Consortium Members**”) in the proportions set out below:

- (a) Feynman (44.46%);
- (b) InnoVision SAL (16.57%);
- (c) 合肥知一绿色股权投资合夥企业(有限合伙) (Hefei Zhiyi Green Equity Investment Partnership (Limited Partnership)) (10.41%);
- (d) Hyde Pacific Holding Co., Limited (20.00%);
- (e) K-1X Capital Pte. Ltd. (3.78%);
- (f) Toe Teow Heng (3.78%); and
- (g) 嘉兴悟开私募基金管理有限公司 (Jiaxing Wukai Private Equity Fund Management Co., Ltd.) (1.00%).

Feynman is a company incorporated in Singapore on 8 June 2023 and is principally engaged in the business of investment holding. As at the Latest Practicable Date, each of Dr Lin and Ms Pan holds 50 shares in Feynman, representing 50% of the total number of shares in Feynman. Feynman informed the Company that there will be no change to the number of shares in Feynman held by Dr Lin and Ms Pan as part of the Buyer Restructuring. Dr Lin is a controlling shareholder of the Company, holding 414,779,500 Shares, representing approximately 27.02% of the Company’s total number of issued Shares.

Ms Pan is a substantial shareholder of the Company, with an interest in 168,199,000 Shares in the Company, representing approximately 10.96% of the Company’s total number of issued Shares.

InnoVision SAL is a holder of redeemable zero-coupon convertible bonds in aggregate principal amount of US\$15 million issued by the Company, which are convertible into 214,260,000 ordinary shares (based on the aggregate principal amount divided by the conversion price of S\$0.10) in the capital of the Company pursuant to the terms and conditions of the Bonds, representing approximately 12.25% of the Company’s enlarged share capital (following the conversion of the Bonds, excluding any treasury Shares and subsidiary holding(s) and assuming there is no other issuance of Shares). InnoVision SAL’s shareholders are InnoVision USD Fund I LP, InnoVision Capital Dingsheng LP and InnoVision Capital GP Limited. Mr. Zhao Fu (Non-independent Non-executive Director of the Company) is the CEO of InnoVision SAL.

Save as disclosed above, none of the Consortium Members and its directors or shareholders (i) holds, directly or indirectly, any other ordinary shares in the issued and paid-up capital of the Company; and (ii) is related to the Directors or controlling Shareholders and their respective associates.

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3. PRINCIPAL TERMS OF THE PROPOSED TRANSACTIONS

3.1. Sale and Purchase of the Target Companies

Pursuant to the SPAs, United Greentech has agreed to sell the AIWater Sale Shares and the UG Water Sale Shares (collectively, the “**Sale Shares**”) to the Buyer free from encumbrances as at Completion.

3.2. Consideration for the Proposed Transactions

The aggregate consideration for the Proposed Disposal (“**Disposal Consideration**”) is RMB370,000,000 (equivalent to approximately S\$68.3 million), which consists of:

- (a) RMB6,000,000 (equivalent to approximately S\$1.1 million) in cash for the UG Water Sale Shares (“**UGW Consideration**”);
- (b) RMB234,847,363 (equivalent to approximately S\$43.3 million) in cash for the AIWater Sale Shares (“**AIWater Cash Consideration**”); and
- (c) the balance RMB129,152,637 (equivalent to approximately S\$23.8 million) for the AIWater Sale Shares, which shall be satisfied by the Buyer through the Set Off Arrangements (“**Balance Disposal Consideration**”).

The Disposal Consideration was arrived at after negotiations on an arm’s length basis and on a willing-buyer and willing-seller basis, taking into account the future business prospects of the AIWater Group and comparable market transactions. Further, the Company understands the Buyer recognises the potential of applying Artificial Intelligence (AI) to wastewater treatment in China, where the government is investing in expanding sewerage networks and treatment plants.

Pursuant to the terms of the SPAs and the Set Off Agreement, upon Completion, the Disposal Consideration will be paid and satisfied in part by cash and in part by way of the Set Off Arrangements.

3.3. Conditions Precedent

The Proposed Disposal is subject to the fulfilment and satisfaction of, *inter alia*, the following conditions:

- (a) United Greentech and the Buyer having mutually agreed in writing on the appropriate mechanisms by which the Disposal Consideration will be satisfied;

In respect of the AIWater Disposal

- (b) the results of a due diligence exercise to be undertaken by the Consortium in relation to the AIWater Group being satisfactory to the Consortium;
- (c) all regulatory and third-party approvals being obtained (including from the State Administration of Foreign Exchange (SAFE) of the People’s Republic of China, the Singapore Exchange Regulation Pte. Ltd. and the Shareholders);

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- (d) the Disposal Consideration being validated to be in the best interests of the Company by an independent valuer appointed by the Company;
- (e) the independent financial adviser to be engaged by the Company opining that the Proposed Disposal is on normal commercial terms and not prejudicial to the interests of minority shareholders of the Company; and

In respect of the UG Water Disposal

- (f) the completion of the AIWater Disposal.

3.4. **Set Off Arrangements**

Arising from the Proposed Distribution, Dr Lin and Ms Pan, as Shareholders, are entitled to receive Proposed Distribution amounts attributable to their Shares.

As Bondholder, InnoVision SAL is also entitled to a specified amount arising from the Proposed Distribution, pursuant to the terms and conditions of the Bonds, which provide that in the event of any distribution by the Company, the Bondholder will be entitled to receive from the Company an amount equivalent to the dividends which would have been received by the Bondholder as if the Bonds had been fully converted into Shares.

In this regard, please refer to the Company's circular dated 13 February 2023 in relation to the Bonds.

As noted in Sections 2.4 and 2.5 above, Dr Lin, Ms Pan and InnoVision SAL are also indirectly the controlling shareholders of the Buyer, which will be paying the Disposal Consideration to United Greentech upon Completion.

In view of the above, and for efficacy, the Company and United Greentech have entered into the Set Off Agreement with the Buyer, Dr Lin, Ms Pan and InnoVision SAL such that the Disposal Consideration amount payable to United Greentech by the Buyer will be net of the amounts payable by the Company to Dr Lin, Ms Pan and InnoVision SAL arising from the Proposed Distribution and Relevant Payment.

For the avoidance of doubt, the Set Off Arrangements do not in any way prejudice the interests of the Company, as the Disposal Consideration payable for the Proposed Disposal remains at RMB370 million (equivalent to approximately S\$68.3 million).

Pursuant to the terms of the Set Off Agreement, the following will be implemented ("**Set Off Arrangements**"):

- (a) Each of the Consortium Members shall subscribe for shares in the capital of the Consortium ("**Consortium Shares**") for the purpose of funding the Disposal Consideration in cash, save that Feynman and InnoVision SAL shall subscribe for their Consortium Shares in part by assigning and issuing (as the case may be) promissory notes and the balance by cash, the sum of which are the sum equal to the respective subscription price payable for the Consortium Shares allotted and issued (the "**Subscription Price**").

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In partial satisfaction of the Subscription Price:

- (i) InnoVision SAL will issue a promissory note (“**InnoVision SAL PN**”) for the sum of RMB34,710,120¹ to the Consortium, in satisfaction of InnoVision SAL’s Subscription Price payable for the Consortium Shares allotted and issued;
 - (ii) each of Dr Lin and Ms Pan will issue a promissory note (“**Lin PN**” and “**Pan PN**” respectively, and collectively with the InnoVision SAL PN, the “**Promissory Notes**”) for the sum of RMB67,194,279 and RMB27,248,238², respectively to Feynman; and
 - (iii) Feynman will assign its rights under the Lin PN and Pan PN to the Consortium, in satisfaction of Feynman’s Subscription Price payable for the Consortium Shares allotted and issued.
- (b) The Consortium will assign its rights under the Promissory Notes to the Buyer.
 - (c) At completion of the AIWater SPA and UG Water SPA, the Buyer will pay to United Greentech in cash the AIWater Cash Consideration and the UGW Consideration, and the Buyer will assign its rights under the Promissory Notes to United Greentech in satisfaction of the Balance Disposal Consideration.
 - (d) United Greentech is in the process of a capital reduction exercise (“**UGH Capital Reduction**”) to cancel such amount of the share capital of United Greentech, to write off the amount of the accumulated losses of United Greentech.
 - (e) United Greentech will declare a dividend of the sum of RMB360.0 million payable to the Company, and pursuant to which, distribute the Promissory Notes *in specie*, to the Company in partial satisfaction of such dividend.
 - (f) The Company will assign its rights under the Promissory Notes to, each of Dr Lin, Ms Pan and InnoVision SAL, in satisfaction of their Entitlements pursuant to the Proposed Distribution and Relevant Payment, thereby constituting full and final discharge of the Company’s obligations to Dr Lin, Ms Pan and InnoVision SAL vis-à-vis their Entitlements pursuant to the Proposed Distribution and Relevant Payment.
 - (g) Completion under the AIWater SPA and the UG Water SPA shall in turn take place contemporaneously on the same day, and the Proposed Capital Reduction, the Proposed Distribution to all of the Company’s Shareholders and the UGH Capital Reduction shall also take effect on the same day.

1 The principal amount of RMB34,710,120 for the InnoVision SAL PN is equivalent to InnoVision SAL’s entitlement to receive the Relevant Payment of the S\$ equivalent of up to RMB34,710,120, based on the Applicable Exchange Rate, in accordance with the terms and conditions of the Bonds.

2 The principal amounts of RMB67,194,279 and RMB27,248,238 for the Lin PN and Pan PN respectively, are equivalent to Dr Lin’s and Ms Pan’s entitlements to receive distributions amounting to the S\$ equivalent of up to RMB67,194,279 and RMB27,248,238 based on the Applicable Exchange Rate, respectively.

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3.5. **Simultaneous completion and inter-conditionality of the Proposed Transactions, the Proposed Capital Reduction, the Proposed Distribution, the UGH Capital Reduction and the Relevant Payment**

The Proposed Transactions, the Proposed Capital Reduction, the Proposed Distribution and the UGH Capital Reduction are inter-conditional and will be completed concurrently, together with the Relevant Payment.

3.6. **Completion Date and Long-Stop Date**

Completion will take place after the last in time of the conditions precedent under the SPAs is fulfilled or waived in accordance with the SPAs (or such other date as may be agreed in writing between the parties to the SPAs).

Under the SPAs, the “Long-Stop Date” will be the date falling six (6) months from the date of the SPAs, or any such other date as parties may mutually agree in writing. In the event that any of the conditions precedent under the SPAs is not fulfilled or waived in accordance with the terms under the SPAs by the Long-Stop Date, then save as expressly provided in the SPAs, the SPAs shall cease to have further effect and all obligations and liabilities of the parties thereunder shall cease and determine and no party shall have any claim against the other party, save in respect of among others, any antecedent breach of the SPAs.

3.7. **Moratorium on the Shares of the Company and the Bonds**

Under the Set Off Agreement, Dr Lin, Ms Pan and InnoVision SAL will also undertake not to (directly or indirectly) sell, transfer or otherwise dispose of the whole or part of their interest in their Shares or Bonds (as the case may be), for the period commencing on the date of the Set Off Agreement up to (and including) completion of the Proposed Distribution.

4. **RATIONALE FOR THE PROPOSED TRANSACTIONS, PROPOSED CAPITAL REDUCTION AND PROPOSED DISTRIBUTION**

4.1. The Board believes that the Proposed Transactions, the Proposed Capital Reduction and Proposed Distribution would be in the interests of the Company for the following reasons:

(a) Improve financial performance and cash flow concerns

The Group has experienced consecutive losses over the past three years and a high cash burn rate of approximately RMB50 million (equivalent to approximately S\$9.2 million) annually. This makes it challenging for the Group to support both the AIWater Group and the sludge treatment and membrane manufacturing business. The Proposed Disposal aims to reallocate resources to strengthen growth in the Group’s core businesses, being the sludge treatment and membrane manufacturing businesses, which have a lower cash burn rate.

(b) Eliminate the high capital outlay of the Artificial Intelligence business

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

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(c) The Proposed Disposal presents an opportunity to maximise value for Shareholders

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

(d) Strategic realignment and focus on achieving profitability in the near term

Strategically, the Proposed Disposal will enable the Group to redirect resources into its existing business segments, namely its core proprietary technologies such as continuous thermal hydrolysis and efficient energy recovery system in sludge treatment and membrane manufacturing businesses, allowing the Group to focus on achieving sustainable profitability and generating stronger returns for shareholders in the near term.

(e) Return of Capital to the Shareholders

The Board is committed to enhancing Shareholders' return in their investment in the Company. The Board is of the view that the Proposed Distribution amount is in excess of the immediate requirements of the Company, and the Proposed Distribution, if effected, would result in the Company having a more efficient capital structure, and at the same time, also improve Shareholders' return on equity. In determining the level of capital to be returned to Shareholders, the Board has ensured that it retains sufficient capital for the remaining business segments, namely sludge treatment and membrane manufacturing businesses, and working capital needs.

4.2. Rationale for the Inter-Conditionality of the Resolutions for the Proposed Disposal and the Proposed Capital Reduction:

As alluded to in Section 4.1 above, the primary objective of the Proposed Capital Reduction is to enhance Shareholders' return in their investment in the Company. If the Shareholders do not approve the Proposed Disposal, this will not generate the excess capital which may be returned to Shareholders and the Company will not be proceeding with the Proposed Capital Reduction (and consequently the Relevant Payment). Instead, the Company would opt to retain its capital to ensure sufficiency of such capital to meet the Company's existing business needs (including those of the AIWater Group).

The Proposed Capital Reduction, the Proposed Distribution, along with the Relevant Payment, being utilised as a set-off arrangement were negotiated as a package for satisfaction of the Disposal Consideration. The Board found the set-off mechanism acceptable and favourable to the Company because the arrangements allow the Company to streamline its balance sheet and reduce cash outflows arising from the distribution for the Proposed Capital Reduction to all its Shareholders.

The Company understands the set-off arrangement also optimises tax efficiency and reduces friction from transaction and administrative costs for the Consortium which would otherwise have required a more complex regulatory clearance process to procure the funds required for the Disposal Consideration (in its full quantum). By streamlining the funds flow through the set-off arrangement, this gives the Company greater certainty in completion of the Proposed Disposal (if approved by the Shareholders).

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5. THE PROPOSED DISPOSAL AS AN INTERESTED PERSON TRANSACTION, OPINION OF THE INDEPENDENT FINANCIAL ADVISER AND STATEMENT OF THE AUDIT COMMITTEE

5.1. Chapter 9 of the Listing Manual

Under Chapter 9 of the Listing Manual, an immediate announcement and Shareholders' approval is required in respect of a transaction between an entity at risk in the Group and an interested person of the Group if the value of that transaction exceeds 5.0% of the Group's latest audited NTA.

For illustrative purposes, based on the latest audited financial information of the Group for FY2024, the audited NTA attributable to owners of the Group as at 31 December 2024 was approximately RMB16.6 million (equivalent to approximately S\$3.1 million). For the purposes of Rule 906(1) of the Listing Manual, if the value of a transaction which is proposed to be entered into in the current financial year by the Company with an interested person, either in itself or in aggregation with all other earlier transactions, each of a value equal to or greater than RMB0.83 million (equivalent to approximately S\$0.15 million), being 5.0% of the Group's audited NTA as at 31 December 2024, Shareholders' approval will be required for such transaction.

5.2. The Proposed Disposal as an Interested Person Transaction

As at the date of the SPAs and the Latest Practicable Date, Dr Lin, who is a controlling shareholder of the Company, holds 50% of the shares in Feynman, which holds 44.46% of the Consortium (which will in turn wholly own the Buyer). Pursuant to Chapter 9 of the Listing Manual, the Buyer will be an associate of Dr Lin, and the Buyer will be regarded as an "interested person" and the Proposed Disposal will thus constitute an "interested person transaction". The Disposal Consideration would constitute the "amount at risk" for the interested person transaction.

Considering that the Buyer is an interested person of the Company under Chapter 9 of the Listing Manual as at the date of the SPAs, and the objective of Chapter 9 of the Listing Manual is to guard against the risk that interested persons could influence an issuer to enter into transactions that may adversely affect the interests of the issuer or its shareholders, the Company will be treating the Buyer as an "interested person" for the purposes of Chapter 9 of the Listing Manual.

United Greentech is an "entity at risk" under Chapter 9 of the Listing Manual. Accordingly, the Proposed Disposal constitutes an interested person transaction under Chapter 9 of the Listing Manual.

As the Disposal Consideration represents approximately 2,229% of the Group's audited NTA as at 31 December 2024, the Proposed Disposal will be subject to the approval of the Shareholders pursuant to Rule 906(1) of the Listing Manual.

5.3. Existing Interested Person Transactions

As at the Latest Practicable Date, the Company has not entered into any other interested person transactions in the current financial year.

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5.4. Opinion of the IFA

Pursuant to Rule 921(4)(a) of the Listing Manual, the IFA has been appointed as the independent financial adviser as well as to advise the Non-interested Directors on whether the terms of the Proposed Disposal is on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

A copy of the IFA Letter dated 7 April 2025 is set out in Appendix A of this Circular. Shareholders are advised to read the IFA Letter carefully.

The following is an extract from paragraph 5 of the IFA Letter and should be read by Shareholders in conjunction with, and in the full context of the IFA Letter. Unless otherwise defined or the context otherwise requires, all terms used in the extract below shall have the same meanings as defined in the IFA Letter.

"In arriving at our opinion in respect of the financial terms of the Proposed Disposal, we have taken into account the following key considerations:

- (a) the rationale for the Proposed Disposal, as set out in paragraph 4.1 of this letter;*
- (b) the historical pro forma financial performance and position of the Target Companies, as set out in paragraph 4.2 of this letter;*
- (c) an assessment of the reasonableness of the Consideration as follows:*
 - (i) a comparison with the NAV and NTA of the Target Companies as at 31 December 2024, wherein the Disposal Consideration represents a P/NAV and P/NTA of 14.98 and 17.91 times respectively, as set out in paragraph 4.3.1 of this letter;*
 - (ii) a comparison with the market value of the Target Companies as at the Valuation Date as determined by the Independent Valuer, wherein the Disposal Consideration represents a significant premium of 900.00% and 742.82% over the range of Market Value of Target Companies of RMB37.0 million to RMB43.9 million as at the Valuation Date, as set out in paragraph 4.3.2 of this letter; and*
 - (iii) as set out in paragraph 4.3.3 of this letter, a comparison with the valuation statistics of the Comparable Companies, wherein the EV/S, P/NAV and P/NTA ratios implied by the Disposal Consideration are above the range of EV/S, P/NAV and P/NTA ratios of the Comparable Companies;*
- (d) as detailed in paragraph 4.4 of this letter, the pro forma financial effects of the Proposed Disposal and Proposed Capital Reduction on the Group, in particular, we noted that the LPS of the Group of RMB3.76 cents in FY2024 would have improved to an EPS of the Group of RMB14.70 cents after the Corporate Actions. In addition, as set out in Section 8.5 of the Circular, we note that based on audited financial statements of FY2024 of the Group, the Company expects on Completion, to record an estimated net gain of approximately RMB318.1 million (equivalent to approximately S\$58.7 million); and*
- (e) other relevant considerations, as detailed in paragraph 4.5 of this letter.*

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Having considered the above and subject to the assumptions and qualifications set out in this letter, we are of the opinion that, on balance, the Proposed Disposal as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. Accordingly, we advise the Non-interested Directors to recommend the independent Shareholders to vote in favour of the Proposed Disposal.”

5.5. Statement of the Audit Committee

The Audit Committee of the Company comprises Mr. Lim Kuan Meng (the Lead Independent Director), Mr. Zhao Fu (Non-Independent Non-Executive Director), Dr. Ng Wun Jern (Independent Director), Mr. Lee Suan Hiang (Independent Director) and Ms. Ng Sook Zhen (Independent Director). The Chairman of the Audit Committee is Mr. Lim Kuan Meng.

Other than Mr. Zhao Fu who is the CEO of InnoVision SAL, all the members of the Audit Committee do not have any interests in the Proposed Transactions and are accordingly deemed to be independent for the purposes of the Proposed Transactions. Mr. Zhao Fu has abstained from participating in the deliberations of the Audit Committee in respect of the Proposed Transactions and has abstained from making any recommendations to Shareholders on the Proposed Transactions in his capacity as a member of the Audit Committee of the Company.

The Audit Committee (excluding Mr. Zhao Fu), having reviewed and considered, *inter alia*, the terms, rationale, financial effects of the Proposed Disposal and the Valuation Report, as well as the advice and opinion of the IFA, the Audit Committee (excluding Mr. Zhao Fu) concurs with the opinion of the IFA and is of the view that the Proposed Disposal is on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

6. THE PROPOSED DISPOSAL AS A MAJOR TRANSACTION

6.1. Relative Figures under Chapter 10 of the Listing Manual

Based on the latest audited consolidated financial statements of the Group for FY2024, the relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

| Rule 1006 | Bases | Relative figure (%) |
|-----------|--|-----------------------|
| (a) | The net asset value of the assets to be disposed of, compared with the Group's net asset value. | 80.4% ⁽¹⁾ |
| (b) | The net profits ⁽²⁾ attributable to the AIWater Group, compared with the Group's net losses. | 6.2% ⁽³⁾ |
| (c) | The aggregate value of the consideration received for the Proposed Disposal, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares. | 111.2% ⁽⁴⁾ |

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| Rule 1006 | Bases | Relative figure (%) |
|-----------|--|-------------------------------|
| (d) | The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue. | Not applicable ⁽⁵⁾ |
| (e) | The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. | Not applicable ⁽⁶⁾ |

Notes:

- (1) Based on the Group's share of the net assets to be disposed of RMB17.6 million (equivalent to approximately S\$3.3 million) of which RMB14.8 million and RMB2.8 million are attributed to AIWater and UG Water, respectively, as at 31 December 2024 and Group's net asset value attributable to the owners of RMB21.9 million (equivalent to approximately S\$4.0 million) as at 31 December 2024. For the avoidance of doubt, for the purposes of deriving the Group's net asset value attributable to the owners, whilst AIWater and UG Water are accounted for as subsidiaries of the Company within the Group, and accordingly only the Group's effective interests in these subsidiaries (being 70% in AIWater and 50% in UG Water) in their respective net asset values are consolidated under the Group's net asset value attributable to the owners in line with the Group's accounting treatment.
- (2) "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and minority interests. Based on the Group's share of audited net loss for the financial year ended 31 December 2024 attributable to the assets to be disposed of RMB3.9 million (equivalent to approximately S\$0.7 million) and audited net loss of the Group for the financial year ended 31 December 2024 of RMB63.2 million (equivalent to approximately S\$11.7 million).
- (3) The relative figure for Rule 1006(b) has been computed based on the audited combined net losses attributable to the Target Companies for FY2024, compared with the Group's net losses for FY2024.
- (4) The Company's market capitalisation of approximately S\$61.4 million (equivalent to approximately RMB332.8 million) is based on its total number of issued ordinary Shares of 1,534,878,360 Shares and the weighted average price of S\$0.04 per Share on the Last Trading Day.
- (5) This basis is not applicable to a disposal of assets.
- (6) Rule 1006(e) of the Listing Manual is not applicable as the Company is not a mineral, oil and gas company.

As the relative figures computed based on Rules 1006(a) and 1006(c) exceed 20%, the Proposed Disposal constitutes a major transaction under Rule 1014 of the Listing Manual and shall be subject to the approval of the Shareholders.

6.2. Excess over Book Value and Use of Proceeds

The Proposed Disposal will result in an excess of net proceeds of approximately RMB318.1 million (equivalent to approximately S\$58.7 million) over the net book value of the AIWater Group.

After accounting for the Set Off Arrangements, the Proposed Disposal will yield estimated net proceeds of RMB206.5 million (equivalent to approximately S\$38.1 million) ("**Net Proceeds**"), of which a sum of RMB154.2 million (equivalent to approximately S\$28.5 million) will be applied as distributions for the Proposed Capital Reduction and the Relevant Payment, and for payment of costs and expenses arising from the Proposed Transactions and the Proposed Capital Reduction. The balance amounting to RMB52.3 million (equivalent to approximately S\$9.7 million) from the Net Proceeds will be

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retained for working capital requirements of the Group. The use of proceeds arising from the Proposed Disposal will be disclosed in the annual report of the Company in respect of the relevant financial year.

6.3. Not a Cash Company

For the avoidance of doubt, the Board wishes to assure Shareholders that completion of the Proposed Disposal will not result in the Company becoming a cash company under Rule 1018 of the Listing Manual (being one whose assets consist wholly or substantially of cash or short-dated securities) for the reasons set out below:

- (a) the Group has three (3) core businesses, namely (i) the development and usage of artificial intelligent technology in the management of wastewater treatment plants (the “**AIWater Business**”); (ii) sludge treatment; and (iii) membrane manufacturing. While the Proposed Disposal would mean that the Company will cease its AIWater Business, the Group will continue to have operating businesses in sludge treatment and membrane manufacturing;
- (b) as disclosed in Section 4.1(a) of this Circular, the Proposed Disposal is aimed at reallocating resources to strengthen growth in the Group’s remaining core businesses of sludge treatment and membrane manufacturing businesses.
- (c) below is a summary of the key financial results of the Group’s sludge treatment and membrane manufacturing businesses, based on the unaudited pro forma combined financial statements of the sludge treatment and membrane manufacturing businesses for FY2022, FY2023 and FY2024. The financial results below should also be read in conjunction with the audited consolidated financial statements of the Group for the corresponding financial years and the accompanying notes as set out therein:

| RMB’000 | FY2022 | | FY2023 | | FY2024 | |
|-----------------------------|------------------|------------------------|------------------|------------------------|------------------|------------------------|
| | Sludge Treatment | Membrane Manufacturing | Sludge Treatment | Membrane Manufacturing | Sludge Treatment | Membrane Manufacturing |
| Revenue | 55,097 | 6 | 41,161 | 85 | 9,839 | 321 |
| Cost of Sales | (37,910) | (32) | (32,288) | (106) | (5,007) | (443) |
| Gross Profit (Loss) | 17,187 | (26) | 8,873 | (21) | 4,832 | (122) |
| Profit (Loss) before tax | 2,034 | (7,764) | (17,999) | (17,783) | (28,545) | (8,948) |
| Net Profit (Loss) after tax | 530 | (7,764) | (18,297) | (17,783) | (25,707) | (8,948) |
| Total Current Assets | 105,493 | 11,608 | 101,269 | 13,218 | 73,109 | 12,591 |
| Total Non-Current Assets | 11,289 | 58,210 | 6,702 | 52,024 | 6,391 | 58,179 |
| Total Current Liabilities | 31,867 | 4,602 | 43,439 | 7,037 | 32,014 | 6,452 |

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| RMB'000 | FY2022 | | FY2023 | | FY2024 | |
|-------------------------------|------------------|------------------------|------------------|------------------------|------------------|------------------------|
| | Sludge Treatment | Membrane Manufacturing | Sludge Treatment | Membrane Manufacturing | Sludge Treatment | Membrane Manufacturing |
| Total Non-current Liabilities | 1,108 | 23,962 | 257 | 22,564 | 1,289 | 19,560 |

Note:

- (1) In FY2023 and FY2024, the Sludge treatment business recorded an impairment loss for contract assets amounting to RMB16.6 million and RMB21.5 million respectively, which contributed to the losses recorded for FY2023 and FY2024.

7. THE PROPOSED CAPITAL REDUCTION AND THE PROPOSED DISTRIBUTION

7.1. Details of the Proposed Capital Reduction and the Proposed Distribution

The Company is proposing to undertake the Proposed Capital Reduction pursuant to Section 78A read with Section 78C of the Companies Act. Section 78C of the Companies Act requires that a public company proposing to undertake a capital reduction exercise should, *inter alia*, obtain the approval of its shareholders at a general meeting by way of a special resolution to be tabled at such general meeting.

As at the Latest Practicable Date:

- (i) based on records maintained by ACRA, the Company has an issued and paid-up share capital of S\$76,493,234.991 comprising 1,534,878,360 issued Shares; and
- (ii) there are 26,700,000 outstanding Leader Share Options under the Leader Environmental Technologies Share Option Scheme.

Save for the Bonds and the outstanding Leader Share Options, the Company does not have any outstanding convertibles, treasury shares or subsidiary holdings.

The Proposed Capital Reduction and the Proposed Distribution will involve:

- (a) a reduction of the issued and paid-up share capital of the Company by the sum of the S\$ equivalent of up to approximately RMB248,650,294, based on the Applicable Exchange Rate, from S\$76,493,234.99; and
- (b) a cash distribution to Shareholders of the S\$ equivalent of up to RMB154,207,777, based on the Applicable Exchange Rate, being approximately S\$0.03, subject to any adjustments based on the Applicable Exchange Rate, for each Share held by a Shareholder as at the Capital Reduction Record Date to be determined by the Directors; and
- (c) an assignment of the Company's rights under the Lin PN and Pan PN, amounting to an aggregate principal amount of RMB94,442,517 to each of Dr Lin and Ms Pan respectively, in satisfaction of their Entitlements pursuant to the Proposed Distribution.

The actual amount to be returned to Shareholders pursuant to the Proposed Cash Distribution will be based on the issued and paid-up share capital of the Company as at the Capital Reduction Record Date, and the Applicable Exchange Rate.

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7.2. Entitlements of Dr Lin, Ms Pan and InnoVision SAL

Pursuant to and subject to the terms of the Proposed Capital Reduction:

- (a) Dr Lin and Ms Pan (collectively, the “**Relevant Shareholders**”) as Shareholders will be entitled to receive distributions amounting to the S\$ equivalent of up to RMB67,194,279 and RMB27,248,238 based on the Applicable Exchange Rate, respectively; and
- (b) InnoVision SAL will be entitled to receive the Relevant Payment of the S\$ equivalent of up to RMB34,710,120, based on the Applicable Exchange Rate, in accordance with the terms and conditions of the Bonds,

the amounts due to each of the abovementioned persons referred to hereinafter as “**Entitlements**”.

The entire amount owing by the Company to Dr Lin, Ms Pan and InnoVision SAL under the Proposed Capital Reduction as Shareholders and the Relevant Payment as a holder of the Bonds, will be set-off against their Entitlements pursuant to the assignment by the Company of its rights under the Promissory Notes to, each of Dr Lin, Ms Pan and InnoVision SAL in accordance with the terms and conditions of the Set Off Agreement.

7.3. Background of the Relevant Payment

InnoVision SAL is the sole holder of the Bonds which were approved by the Shareholders on 28 February 2023. In conjunction with the Proposed Distribution, a payment to InnoVision SAL of the S\$ equivalent of up to RMB34,710,120, based on the Applicable Exchange Rate, will be made, pursuant to the terms and conditions of the Bonds, whereby in the event of any distribution of dividends by the Company, InnoVision SAL as a holder of the Bonds, will be entitled to receive from the Company an amount equivalent to the dividends which would have been received by InnoVision SAL as if the Bonds had been fully converted into Shares.

The Company has sought legal advice from Messrs Rajah & Tann Singapore LLP (“**R&T**”) that InnoVision SAL is entitled to the Relevant Payment as Bondholder pursuant to the terms and conditions of the Bonds.

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R&T had, on 2 April 2025, opined to the Company that:

- (a) Based on paragraph 4 of the terms and conditions of the Bonds,³ and taking into consideration the definition of “Dividend”⁴ in schedule 4 to the convertible bonds investment agreement (entered into between the Company and InnoVision SAL dated 10 October 2022 in relation to the issuance of the Bonds) which guides the interpretation of the terms and conditions of the Bonds (the schedule being part of such terms and conditions), as well as the Company’s intentions underlying the terms and conditions of the Bonds and its communications to-date with the Bondholder, InnoVision SAL is entitled to the Relevant Payment.
- (b) In the event of any distribution of dividends by the Company, the redemption of the Bonds by the Company will be at 100% of its principal amount (less any amount received by the holder of the Bonds in the event of any distribution of dividends by the Company which includes the Relevant Payment) plus a premium that would give a yield to maturity of 8% per annum compounded annually⁵.

Pursuant to the terms and conditions of the Bonds, the number of Shares to be issued on conversion of the Bonds will be determined by dividing the principal amount of the Bonds, being US\$15 million, by the applicable conversion price of S\$0.10, which results in 214,260,000 Shares to be issued on conversion of the Bonds.

InnoVision SAL as a holder of the Bonds, will be entitled to receive the Relevant Payment of the S\$ equivalent of up to RMB34,710,120, based on the Applicable Exchange Rate, being approximately S\$0.03, subject to any adjustments based on the Applicable Exchange Rate, for each Share to be issued on conversion of the Bonds.

For the avoidance of doubt, the Relevant Payment relates to a contractual obligation on the Company’s part vis-à-vis the Bonds, arising in connection with the Proposed Distribution. In other words, it will not be payable if the Company is not undertaking the Proposed Distribution. However, the Relevant Payment itself is not subject to Shareholders’ approval, and in this regard, it is not inter-conditional upon the approval for the Proposed Disposal as well as the Proposed Capital Reduction and the Proposed Distribution.

Please refer to section 2.5(K) of the Company’s circular dated 13 February 2023 for more information in relation to the terms and conditions of the Bonds which entitles InnoVision SAL as a holder of the Bonds to the Relevant Payment.

- 3 Under paragraph 4 of the terms and conditions of the Bonds, in the event of any distribution of dividends by the Company, the Bondholder will be entitled to receive from the Company an amount equivalent to the dividends which would have been received by the Bondholder as if the Bonds had been fully converted into Shares.
- 4 The definition of “Dividend” means any dividend or distribution, whether of cash, assets or other property (including a distribution of assets in specie), and whenever paid or made and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to holders or in connection with a reduction of capital (and for these purposes a distribution of assets includes, without limitation, an issue of Shares or other securities credited as fully or partly paid up by way of capitalisation of profits or reserves). Please refer to the definition of “Dividends” in Appendix 3 of the Company’s circular dated 13 February 2023 for more information in relation to the definition of “Dividends”.
- 5 Under paragraph 10.1 of the terms and conditions of the Bonds, unless previously redeemed or converted, the Company will redeem the Bonds at 100% of its principal amount (less any amount received by the Bondholder in the event of any distribution of dividends by the Company, including the Relevant Payment) plus a premium that would give a yield to maturity of 8% per annum compounded annually, on the date falling three years after the date of issue of the Bonds (“**Final Maturity Date**”). On or prior to the Final Maturity Date, the Company may at its discretion, subject to the provision of a written notification to the Bondholder, extend the Final Maturity Date for a period of up to two years.

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7.4. Conditions for the Proposed Capital Reduction and the Proposed Distribution

The Proposed Capital Reduction and the Proposed Distribution is subject to, *inter alia*:

- (a) the completion of the Proposed Disposal;
- (b) the Directors making the Solvency Statements in compliance with Section 78C of the Companies Act and compliance with other relevant solvency requirements as prescribed by the Companies Act;
- (c) the approval of the Shareholders by way of a special resolution for the Proposed Capital Reduction (that is, approval by a majority of not less than three-fourths of Shareholders present and voting) at the EGM, of which not less than 21 days' notice shall have been given;
- (d) compliance with the relevant publicity requirements as prescribed in the Companies Act;
- (e) lodgment with ACRA of copies of the Solvency Statements and the Proposed Capital Reduction resolution, within 15 days beginning with the resolution date;
- (f) no application having been made for the cancellation of the Shareholders' resolution approving the Proposed Capital Reduction by any creditor of the Company within the timeframe prescribed in the Companies Act, or if such application was made, the withdrawal or dismissal thereof by the judicial authorities; and
- (g) lodging with ACRA after the end of six (6) weeks (but before the end of eight (8) weeks) beginning with the date of the Proposed Capital Reduction resolution:
 - (i) a statement made by the Directors confirming that the requirements under Section 78C(1)(c) and Section 78C(3) (if applicable) of the Companies act have been complied with, and that no application for cancellation of the resolution has been made; and
 - (ii) a notice containing the Proposed Capital Reduction information.

The Company will make an immediate announcement to update Shareholders if any of the conditions for the Proposed Capital Reduction and the Proposed Distribution as set out in this Section 7.4 is not met.

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7.5. Illustration

The following illustrates the position of a Shareholder who holds 100 fully paid-up Shares as at the Capital Reduction Record Date:

Position before the Proposed Capital Reduction and the Proposed Distribution

| | |
|-----------------------|-----|
| Number of Shares held | 100 |
|-----------------------|-----|

Position (Subject to any adjustments based on the Applicable Exchange Rate) after the Proposed Capital Reduction and the Proposed Distribution

| | |
|-----------------------|---------|
| Distribution received | S\$3.00 |
|-----------------------|---------|

| | |
|-----------------------|-----|
| Number of Shares held | 100 |
|-----------------------|-----|

In summary, based on the illustration above, Shareholders will receive S\$3.00 for every 100 Shares held as at the Capital Reduction Record Date. Shareholders holding odd lots of Shares (i.e. lots other than board lots of 100 Shares) will likewise receive S\$0.03 for each Share held by them or on their behalf as at the Capital Reduction Record Date. The aggregate amount to be paid to each Shareholder pursuant to the Proposed Distribution are subject to adjustment based on the Applicable Exchange Rate.

The shareholding of each Shareholder in the Company shall remain unchanged immediately after the Proposed Capital Reduction and the Proposed Distribution.

The Proposed Capital Reduction and the Proposed Distribution will not result in a cancellation of Shares, or a change in the number of Shares issued by the Company immediately after the Proposed Capital Reduction and the Proposed Distribution.

7.6. Solvency Statement

In determining the Proposed Distribution to Shareholders, the Board had considered the audited financial statements of FY2024 of the Group, and the Board has ensured that the Company will have retained sufficient working capital to support its existing operations and pay its debts. As at the Latest Practicable Date, the aggregate outstanding debts of the Company amount to approximately RMB115.7 million (equivalent to approximately S\$21.3 million) of which RMB90.9 million (equivalent to approximately S\$16.8 million) relates to the redemption amount of the Bonds in accordance with the Bonds' terms and conditions. Pursuant to the terms and conditions of the Bonds, the Company may at its direction, subject to the provision of a written notification to the Bondholder, extend the final maturity date for a period up to two (2) years, that is, to 3 March 2028 and 31 July 2028 respectively.

In this regard, please refer to the Company's circular dated 13 February 2023 for more information in relation to the Bonds.

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In compliance with the provisions of Section 78C of the Companies Act, the Directors will each make a Solvency Statement confirming that:

- (a) as regards the Company's situation at the date of the Solvency Statement, there is no ground on which the Company could be found to be unable to pay its debts;
- (b) the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the Solvency Statement; and
- (c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the Proposed Capital Reduction, become less than the value of its liabilities (including contingent liabilities).

Pursuant to Section 78C(4) of the Companies Act, copies of the Solvency Statements signed by the Directors are required to be made available for inspection at the EGM, as well as at the registered office of the Company for a period of six (6) weeks beginning with the date of the EGM.

7.7. Effective Date of Proposed Capital Reduction

As set out in Section 7.4 above, the Proposed Capital Reduction is subject to the satisfaction of, *inter alia*, the conditions set out therein.

After Shareholders' approval has been obtained for the Proposed Capital Reduction and the Proposed Distribution at the EGM, the Company will lodge with ACRA a notice containing the text of the special resolution relating to the Proposed Capital Reduction. If no creditor of the Company objects to, and applies to the General Division of the High Court of Singapore for the cancellation of, the special resolution relating to the Proposed Capital Reduction, the Company will lodge further requisite documents with ACRA as provided under Section 78E(2) of the Companies Act after the end of six weeks, and before the end of eight weeks, beginning with the date of the special resolution relating to the Proposed Capital Reduction upon which the Proposed Capital Reduction will take effect.

The following are indicative dates and times for the Proposed Capital Reduction for illustrative purposes only:

| | | |
|---|---|---------------------------------------|
| Date of the EGM | : | 29 April 2025 |
| Lodgment with ACRA a notice containing the text of the special resolution relating to the Proposed Capital Reduction | : | By 14 May 2025 |
| Last day for a creditor of the Company to object to, and apply to the General Division of the High Court of Singapore for the cancellation of, the special resolution | : | 10 June 2025 |
| Lodgment of documents required under Section 78E(2) of the Companies Act | : | Between 11 June 2025 and 23 June 2025 |

The Company will announce in due course the effective date of the Proposed Capital Reduction, the Capital Reduction Record Date and the payment date for the Proposed Distribution pursuant to the Proposed Capital Reduction. Shareholders should note that as the Capital Reduction Record Date is conditional upon the satisfaction of the conditions as stated in Section 7.4 above, in order to be entitled to the Proposed Distribution pursuant to

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the Proposed Capital Reduction, Shareholders would have to hold the Shares as at the Capital Reduction Record Date. **If any Shareholder is in any doubt as to the action he should take, he should consult his bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.**

The Company will make further announcements on the Proposed Capital Reduction and the Proposed Distribution as and when appropriate.

7.8. Taxation

Shareholders should note that the following statements are not to be regarded as advice on the tax position of any Shareholder or any tax implication arising from the Proposed Capital Reduction and the Proposed Distribution. Shareholders who are in doubt as to their respective tax positions or such tax implications or who may be subject to tax in a jurisdiction outside Singapore should consult their own tax advisers or other independent advisers.

For Singapore income tax purposes, payments made by a Singapore resident company to shareholders pursuant to share capital reductions are generally classified as either a return of capital (which is a capital gain not subject to tax) or a receipt of dividends (which is tax-exempt under the one-tier corporate tax system). As such, for Singapore income tax purposes, any gains from such transactions are generally not taxable unless the proceeds constitute taxable revenue gains or profits from a trade or business carried on by the shareholders. In relation to the Proposed Distribution to be made to Shareholders pursuant to the Proposed Capital Reduction, as the amount to be paid to Shareholders pursuant to the Proposed Distribution will be paid out of the reduction of the existing issued and paid-up share capital of the Company, therefore not taxable in Singapore for Shareholders, unless the proceeds constitute taxable revenue gains or profits from a trade or business carried on by Shareholders.

7.9. Administrative Procedures for the Proposed Distribution

The following sections set out the administrative procedures for the Proposed Distribution:

(a) Capital Reduction Record Date

- (i) Persons registered in the Register of Members and Depositors whose Securities Accounts are credited with Shares as at the Capital Reduction Record Date will be considered for purposes of the Proposed Distribution, on the basis of such number of Shares registered in their names or standing to the credit of their Securities Accounts as at the Capital Reduction Record Date (**“Entitled Shareholders”**).

On the Payment Date, the Entitled Shareholders will receive a sum of approximately S\$0.03, subject to any adjustments based on the Applicable Exchange Rate, for each Share held by them as at the Capital Reduction Record Date.

- (ii) Subject to the satisfaction of the conditions set out in Section 7.4 above, the Company will make further announcements in due course as soon as reasonably practicable to notify Shareholders of the Capital Reduction Record Date, the Effective Date, the Applicable Exchange Rate and the Payment Date.

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(b) Deposit of Scrip Shares with CDP

Entitled Shareholders who hold Shares registered in their own names in the Register of Members and who wish to deposit their Shares with CDP prior to the Capital Reduction Record Date must deliver the existing share certificates in respect of their Shares, together with the duly executed instruments of transfer in favour of CDP, at least 12 Market Days prior to the Capital Reduction Record Date, in order for their Securities Accounts to be credited with the relevant Shares by the Capital Reduction Record Date.

(c) Payment pursuant to the Proposed Distribution

(i) Entitled Shareholders holding Scrip Shares

Shareholders whose Shares are registered in the Register of Members as at the Capital Reduction Record Date will have the cheques for payment of their entitlements under the Proposed Distribution despatched to them by ordinary post at their own risk addressed to their respective addresses in the Register of Members on the Payment Date. The Company shall not be liable for any loss in transmission.

(ii) Entitled Shareholders who are Depositors

Shareholders who are Depositors and who have Shares standing to the credit of their Securities Accounts as at the Capital Reduction Record Date will have the cheques for payment of their entitlements under the Proposed Distribution despatched to them by CDP by ordinary post at their own risk on the Payment Date. Alternatively, such Depositors will have payment of their entitlements under the Proposed Distribution made in such other manner as they may have agreed with CDP for the payment of dividends or other distributions on the Payment Date. Neither the Company nor CDP shall be responsible or liable for any loss in transmission.

8. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS AND THE PROPOSED DISTRIBUTION

8.1. Bases and Assumptions

For illustration purposes only, the following is an analysis and illustration of the financial effects of the Proposed Transactions and the Proposed Distribution (taken as a whole) on the Group and based on the latest audited consolidated financial statements of the Group for FY2024.

The *pro forma* financial effects as set out herein do not reflect the actual financial results or the future financial performance and condition of the Group.

For the purposes of illustrating the *pro forma* financial effects of the Proposed Transactions and Proposed Distribution, the financial effects of the Proposed Transactions and Proposed Distribution were computed based on the following assumptions:

- (a) the financial effects of the consolidated NTA per Share is computed based on the assumption that the Proposed Transactions and Proposed Distribution had been completed at the end of FY2024;

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- (b) the financial effects of the consolidated EPS is computed based on the assumption that the Proposed Transactions and Proposed Distribution had been completed on 1 January 2024;
- (c) expenses in connection with the Proposed Transactions and Proposed Distribution, including but not limited to professional fees, have been disregarded for the purposes of calculating the financial effects;
- (d) deductions, withholding tax, bank charges or any other charges in connection with the Proposed Transactions and Proposed Distribution, have been disregarded for the purposes of calculating the financial effects; and
- (e) the following exchange rates have been adopted for the purpose of computing the respective figures:
 - (i) S\$1.00:RMB5.388;
 - (ii) S\$1.00:US\$0.756; and
 - (iii) US\$1.00:RMB7.127,as at 1 January 2024.

8.2. Share Capital

As there will be no change in the number of Shares by the Company pursuant to the Proposed Transactions and Proposed Distribution, there will be no impact on the issued and paid-up share capital of the Company.

8.3. (Loss)/Earnings Per Share

| | Before the Proposed Transactions | After the Proposed Transactions and the Proposed Distribution |
|--|--|--|
| (Loss)/Earnings after tax attributable to Shareholders (RMB'000) | (57,689) ⁽¹⁾ | 225,649 ⁽¹⁾ |
| Weighted average number of shares in the Company | 1,534,878,360 | 1,534,878,360 |
| (LPS)/EPS (RMB cents) | (3.76) | 14.70 |

Note:

- (1) The difference is derived by (i) adding the gain from disposal of RMB318,048,000; (ii) deducting the Relevant Payment (amounting to approximately RMB34,710,000).

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8.4. NTA

| | Before the Proposed Transactions | After the Proposed Transactions and the Proposed Distribution |
|---|--|--|
| NTA attributable to the owners of the Company (RMB'000) | 16,588 ⁽¹⁾ | 51,276 ⁽¹⁾ |
| Number of issued shares in the Company | 1,534,878,360 | 1,534,878,360 |
| NTA per share (RMB cents) | 1.08 | 3.34 |

Note:

- (1) The difference is derived by (i) adding the gain from disposal of RMB318,048,000; (ii) deducting the amounts equivalent to the Proposed Distribution (amounting to approximately RMB248,650,000) and the Relevant Payment (amounting to approximately RMB34,710,000).

8.5. Gain from the Proposed Disposal

Based on audited financial statements of FY2024 of the Group, the Company expects on Completion, to record an estimated net gain of approximately RMB318.1 million (equivalent to approximately S\$58.7 million). The gain on disposal is derived by deducting the net asset value of the Target Companies against the net sales proceeds to be received by the Group.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

9.1. Interests of Directors and Substantial Shareholders in the Shares

Based on the Register of Directors' shareholdings and the Register of Substantial Shareholders, as at the Latest Practicable Date, the interests of the Directors and the Substantial Shareholders in the Shares are as follows:

| | Direct Interest | | Deemed Interest ⁽²⁾ | | Total Interest | |
|---------------------------------|---------------------|------------------|--------------------------------|------------------|---------------------|------------------|
| | Number of Shares | % ⁽¹⁾ | Number of Shares | % ⁽¹⁾ | Number of Shares | % ⁽¹⁾ |
| Directors | | | | | | |
| Ngoo Lin Fong | 18,717,000 | 1.22 | — | — | 18,717,000 | 1.22 |
| Zhao Fu | — | — | — | — | — | — |
| Lim Kuan Meng | — | — | — | — | — | — |
| Lee Suan Hiang ⁽³⁾ | 5,000,000 | 0.33 | 3,000,000 | 0.20 | 8,000,000 | 0.52 |
| Dr Ng Wun Jern | — | — | — | — | — | — |
| Ng Sook Zhen | — | — | — | — | — | — |
| Substantial Shareholders | | | | | | |
| Lin Yucheng | 414,779,500 | 27.02 | — | — | 414,779,500 | 27.02 |
| Pan Shuhong ⁽⁴⁾ | 165,000,000 | 10.75 | 3,199,000 | 0.21 | 168,199,000 | 10.96 |

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Notes:

- (1) Based on 1,534,878,360 Shares in issue as at the Latest Practicable Date.
- (2) Deemed interests refer to interests determined pursuant to Section 4 of the SFA.
- (3) Mr Lee Suan Hiang is deemed interested in 3,000,000 Shares held through his nominee, DBS Nominee (Private) Limited.
- (4) Ms Pan Shuhong is deemed to be interested in 3,199,000 Shares held through her nominee, OCBC Securities Private Limited.

Dr Lin is also a director of United Greentech.

Save as disclosed in this Circular, and the Company's circular dated 13 February 2023 in relation to the Bonds, as at the Latest Practicable Date, none of the Directors or controlling shareholders of the Company has any interest, whether direct or indirect, in the Proposed Disposal and Proposed Distribution other than through their respective shareholdings and/or directorships in the Company.

9.2. Interests in the Leader Share Options

As at the Latest Practicable Date, the following Leader Share Options have been granted to the Directors pursuant to the Leader Share Option Scheme:

- (a) Mr Ngoo Lin Fong holds Leader Share Options in respect of up to 4,000,000 Shares;
- (b) Mr Lim Kuan Meng holds Leader Share Options in respect of up to 600,000 Shares;
and
- (c) Mr Lee Suan Hiang holds Leader Share Options in respect of up to 600,000 Shares.

10. SHAREHOLDERS WHO WILL ABSTAIN FROM VOTING

Dr Lin and Ms Pan will, and have undertaken to ensure that their respective associates will, abstain from exercising any voting rights in relation to the ordinary resolution and special resolution sought to be passed at the EGM, and will not accept nominations to act as proxy by any Shareholder who is unable to attend the EGM unless such Shareholder has provided specific instructions as to voting.

11. SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Company in connection with the Proposed Transactions and accordingly, no service contracts in relation thereto will be entered into by the Company.

12. DIRECTORS' RECOMMENDATIONS

12.1. Proposed Disposal

Mr Zhao Fu, the Non-Independent Non-Executive Director of the Company, is the CEO of InnoVision SAL. Accordingly, Mr Zhao Fu has abstained from participating in the deliberations of the Board in respect of the Proposed Disposal and will abstain from making any recommendations to Shareholders on the Proposed Disposal in his capacities as a Director of the Company and as a member of the Audit Committee of the Company.

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The Non-interested Directors having reviewed and considered, *inter alia*, the terms, rationale and financial effects of the Proposed Transactions, as well as the advice and opinion of the IFA, the Non-interested Directors are of the opinion that the Proposed Transactions are in the interests of the Company and accordingly recommend that independent Shareholders **vote in favour** of the ordinary resolution relating to the Proposed Transactions, as set out in the Notice of EGM.

12.2. Proposed Capital Reduction and Proposed Distribution

As the Proposed Capital Reduction and Proposed Distribution, are conditional upon the Proposed Disposal, Mr Zhao Fu has also abstained from participating in the deliberations of the Board in respect of the Proposed Capital Reduction and Proposed Distribution and will abstain from making any recommendations to Shareholders on the Proposed Capital Reduction and Proposed Distribution in his capacity as a Director of the Company.

Having reviewed and considered, *inter alia*, the audited financial statements of FY2024 of the Group, the terms and financial effects of the Proposed Capital Reduction and the Proposed Distribution, the Non-Interested Directors are of the opinion that the Proposed Capital Reduction and the Proposed Distribution are in the interests of the Company. Accordingly, they recommend that Shareholders **vote in favour** of the special resolution to approve the Proposed Capital Reduction and the Proposed Distribution, as set out in the Notice of EGM.

13. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages C-1 to C-4 of this Circular, will be held at Novotel Singapore on Stevens, Draco Room, 28 Stevens Road, Singapore 257878, on Tuesday, 29 April 2025 at 10.30 am (or as soon thereafter following the conclusion of the annual general meeting of the Company to be held at 10.00 am on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications the resolutions relating to the Proposed Disposal, the Proposed Capital Reduction and Proposed Distribution as set out in the Notice of EGM.

14. ACTION TO BE TAKEN BY SHAREHOLDERS

14.1. A Shareholder who is unable to attend the EGM and wishes to appoint a proxy to attend and vote on his behalf should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon.

14.2. The Proxy Form must be submitted to the Company in the following manner:

- (a) by depositing a physical copy at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services ("**Tricor**"), 9 Raffles Place #26-01, Republic Plaza Tower 1, Singapore 048619; or
- (b) by sending a scanned PDF copy by email to sg.is.proxy@vistra.com,

in each case, by no later than 10.30 a.m. on 27 April 2025, being 48 hours before the time appointed for holding the EGM, and failing which, the Proxy Form will not be treated as valid.

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- 14.3. Shareholders (whether individual or corporate) who wish to appoint the Chairman of the EGM as proxy must give specific instructions as to his manner of voting, or abstentions from voting on each resolution in the Proxy Form. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the Chairman of the EGM will vote or abstain from voting at his discretion.
- 14.4. 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 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 EGM, as certified by CDP to the Company.
- 14.5. As the EGM is being held in person, Shareholders in attendance will be able to raise questions at the EGM. Questions related to the Ordinary Resolution and the Special Resolution to be tabled for approval at the EGM may also be submitted prior to the EGM in the following manner:
- (a) All questions must be submitted by no later than 10.30 a.m. on 17 April 2025 via one of the following means:
 - (i) by post to the registered office of the Company at 38 Beach Road, South Beach Tower, #29-11, Singapore 189767; or
 - (ii) by email to queries@leaderet.com; or
 - (iii) if a Shareholder is attending the EGM in person, live at the EGM.
 - (b) If the questions are deposited in physical copy at the registered office of the Company or sent via email, and in either case not accompanied by the completed and executed Proxy Form, the following details of the relevant Shareholder must be included with the submitted questions:
 - (i) full name;
 - (ii) NRIC number;
 - (iii) current residential address;
 - (iv) contact number; and
 - (v) number of Shares held,

failing which the submission will be treated as invalid. The Company will address substantial and relevant questions relating to the ordinary resolution and special resolution to be tabled for approval by 25 April 2025 and will endeavour to address (i) subsequent clarifications sought, (ii) follow-up questions, or (iii) subsequent substantial and relevant questions which are received after such date at the EGM itself. Where substantially similar questions are received, such questions will be consolidated and consequently not all questions may be individually addressed.

LETTER TO SHAREHOLDERS

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions, Proposed Capital Reduction, Proposed Distribution, Relevant Payment, and the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

16. CONSENTS

16.1. Independent Valuer

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and all references to it and the Summarised Valuation Report, in the form and context in which they respectively appear in this Circular.

16.2. Independent Financial Adviser

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and all references to it and the IFA Letter, in the form and context in which they respectively appear in this Circular.

16.3. Legal Adviser

R&T has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and all references to it, in the form and context in which they respectively appear in this Circular.

17. DOCUMENTS FOR INSPECTION

17.1. The following documents are available for inspection at the registered office of the Company at 38 Beach Road, South Beach Tower, #29-11, Singapore 189767 during normal business hours for a period of three (3) months from the date of this Circular:

- (a) the Constitution of the Company;
- (b) the AIWater SPA;
- (c) the UG Water SPA;
- (d) the Set Off Agreement;
- (e) the Valuation Report;
- (f) the IFA Letter; and
- (g) the letters of consent referred to in Section 16 of this Circular.

LETTER TO SHAREHOLDERS

- 17.2. In compliance with Section 78C(4) of the Companies Act, copies of the Solvency Statements signed by the Directors will be made available for inspection at the EGM, as well as at the registered office of the Company for a period of six (6) weeks beginning with the date of the EGM.

Yours faithfully

For and on behalf of the Board of Directors of
LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED

Ngoo Lin Fong
Executive Chairman

APPENDIX A – IFA LETTER



SAC CAPITAL PRIVATE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 200401542N)

7 April 2025

To: The Non-interested Directors of Leader Environmental Technologies Limited

| | |
|--------------------|-----------------------------|
| Mr. Ngoo Lin Fong | (Executive Chairman) |
| Mr. Lim Kuan Meng | (Lead Independent Director) |
| Mr. Lee Suan Hiang | (Independent Director) |
| Dr. Ng Wun Jern | (Independent Director) |
| Ms. Ng Sook Zhen | (Independent Director) |

PROPOSED DISPOSAL OF THE AIWATER GROUP (AS DEFINED HEREIN) AS AN INTERESTED PERSON TRANSACTION

Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 7 April 2025 (the “Circular”) shall have the same meanings herein.

1. INTRODUCTION AND BACKGROUND

1.1 Proposed Disposal

1.1.1 Leader Environmental Technologies Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) had announced on 13 January 2025 and 28 February 2025 that the Company had, through its wholly-owned subsidiary, United Greentech Holdings Pte. Ltd. (“**United Greentech**”), on 12 January 2025 and 28 February 2025 entered into:

- (a) a conditional share sale and purchase agreement (“**AIWater SPA**”) with WJL Holding Pte. Ltd. (the “**Buyer**”) in relation to the proposed disposal of all the shares in the capital of AIWater (Anhui) Co., Ltd. (“**AIWater**”) held by United Greentech (“**AIWater Disposal**”), representing 70% of the share capital of AIWater (“**AIWater Sale Shares**”), to the Buyer for a total consideration of RMB234,847,363 in cash (equivalent to approximately S\$43.3 million) and RMB129,152,637 (equivalent to approximately S\$23.8 million) (“**Balance Disposal Consideration**”) by way of the Set Off Arrangements (as defined under paragraph 3.4.4 of this letter). The Buyer is currently a shareholder of AIWater, holding the remaining 30% of the share capital of AIWater;
- (b) a conditional share sale and purchase agreement (“**UG Water SPA**” together with the AIWater SPA, the “**SPAs**”) with the Buyer in relation to the proposed disposal of all the shares in the capital of UG Water Pte. Ltd. (“**UG Water**”) held by United Greentech (“**UG Water Disposal**” together with the AIWater Disposal, the “**Proposed Disposal**”), representing 50% of the share capital of UG Water (“**UG Water Sale Shares**”), for a total consideration of RMB6,000,000 (equivalent to approximately S\$1.1 million) to be satisfied in cash. Mr Gong Shuyi holds the

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remaining 50% of the share capital of UG Water. UG Water in turn wholly owns Xinwo AIWater (Hubei) Co., Ltd. (“**Xinwo AI**”, and together with AIWater, the “**Target Companies**”); and

- (c) a set off agreement (“**Set Off Agreement**”) with the Company, InnoVision Super Aqua Limited (“**InnoVision SAL**”), Dr Lin Yucheng (“**Dr Lin**”), Ms Pan Shuhong (“**Ms Pan**”), United AI Greentech Ltd (“**Consortium**”), Feynman Capital Pte Ltd. (“**Feynman**”) and the Buyer, in relation to, *inter alia*, the satisfaction of the consideration payable under the AIWater SPA in part by the Set Off Arrangements

(collectively, the “**Proposed Transactions**”).

- 1.1.2 Following completion of the Proposed Transactions (“**Completion**”), the Company will cease to have any interest in AIWater, UG Water and Xinwo AI (collectively, the “**AIWater Group**”).

1.2 Interested Person Transaction

- 1.2.1 Chapter 9 of the Listing Manual governs transactions in which a listed company or any of its subsidiaries or associated companies (which is known as an “**entity at risk**”) proposes to enter into with a party who is an interested person of the listed company. The purpose is to guard against the risk that interested persons could influence the listed company, its subsidiaries or associated companies to enter into transactions with interested persons that may adversely affect the interests of the listed company or its shareholders. United Greentech is an “entity at risk” under Chapter 9 of the Listing Manual.

- 1.2.2 As at the date of the SPAs and the Latest Practicable Date, Dr Lin, who is a controlling shareholder of the Company, holds 50% of the shares in Feynman, which will, pursuant to an ongoing internal restructuring exercise hold 44.46% of the Consortium (which will in turn be wholly-owned by the Buyer). Pursuant to Chapter 9 of the Listing Manual, the Buyer will be an associate of Dr Lin, and the Buyer will be regarded as an “interested person” and the Proposed Disposal will thus constitute an “interested person transaction”. The Disposal Consideration would constitute the “amount at risk” for the interested person transaction.

- 1.2.3 As the Disposal Consideration totalling RMB370.0 million represents approximately 2,229% of the Group’s latest audited NTA attributable to owners of the Company as at 31 December 2024 of RMB16.6 million, the Proposed Disposal will be subject to the approval of the Shareholders pursuant to Rule 906(1) of the Listing Manual.

- 1.2.4 Rule 921(4)(a) of the Listing Manual provides that if Shareholders’ approval is required for the Proposed Disposal as an interested person transaction, the circular to Shareholders must include an opinion in a separate letter from an independent financial adviser (“**IFA**”) stating whether the relevant transaction (and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Listing Manual) is on normal commercial terms and is prejudicial to the interests of the issuer and its minority Shareholders.

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- 1.2.5 In connection with the above, the Company has appointed SAC Capital Private Limited (“**SAC Capital**”) as IFA pursuant to Rule 921(4)(a) of the Listing Manual, as well as to advise the Directors who are considered independent in relation to the Proposed Disposal (the “**Non-interested Directors**”) on whether the terms of the Proposed Disposal are on normal commercial terms and are not prejudicial to the interests of the Company and the minority Shareholders of the Company.
- 1.2.6 This letter, which sets out our opinion and advice in respect of the Proposed Disposal as an interested person transaction, has been prepared to comply with Rule 921(4)(a) of the Listing Manual for inclusion in the Circular as well as for the use of the Non-interested Directors in connection with their consideration of the Proposed Disposal and their recommendation to the independent Shareholders arising thereof.

2. TERMS OF REFERENCE

We have been appointed as the IFA pursuant to Rule 921(4)(a) of the Listing Manual, as well as to advise the Non-interested Directors on whether the terms of the Proposed Disposal are on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

We are not and were not involved in any aspect of the negotiations entered into by the Company in connection with the Proposed Disposal or in the deliberations leading up to the decision by the Directors to undertake the Proposed Disposal. Accordingly, we do not, by this letter, warrant the merits of the Proposed Disposal, other than to express an opinion on whether the terms of the Proposed Disposal are on normal commercial terms and are not prejudicial to the interests of the Company and the independent Shareholders.

We have not conducted a comprehensive review of the business, operations or financial condition of the Group or the Target Companies. Our evaluation is confined to the financial terms of the Proposed Disposal and we have not evaluated the strategic, legal or commercial merits and/or risks of the Proposed Disposal or the future growth prospects or earnings potential of the Group or the Target Companies after the completion of the Proposed Disposal. Accordingly, we do not express any view as to the future prices at which the Shares may trade upon completion of the Proposed Disposal or on the future financial performance of the Group or the Target Companies after the completion of the Proposed Disposal.

In the course of our evaluation, we have held discussions with the Directors and the management of the Company (the “**Management**”) and their appointed professional advisers and have relied on the information and representations, whether written or verbal, provided to us by the Directors and the Management, including the information contained in the Circular. We have not independently verified such information or representations and accordingly cannot and do not warrant or accept responsibility for the accuracy, completeness or adequacy of these information or representations. We have, however, made reasonable enquiries and exercised our judgment (as deemed necessary) in assessing the information and representations provided to us, and have found no reason to doubt the accuracy or reliability of such information or representations which we have relied on.

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The Directors (including those who may have delegated detailed supervision of the Circular) have confirmed that, having made all reasonable enquiries and to the best of their knowledge: (a) all material information available to them in connection with the Proposed Disposal has been disclosed in the Circular; (b) such information is true and accurate in all material respects; and (c) there is no other information or fact, the omission of which would cause any information disclosed in the Circular to be inaccurate, incomplete or misleading in any material respect. Whilst care has been exercised in reviewing the information which we have relied on, we have not independently verified the information but nonetheless have made such enquiries and exercised such judgement as were deemed necessary and have found no reason to doubt the reliability of the information or facts. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information or facts.

Save as disclosed in this letter, all information relating to the Group and the Target Companies that we have relied upon in arriving at our opinion and advice has been obtained from the Circular, publicly available information, the Directors and/or the Management. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Group and the Target Companies at any time or as at 25 March 2025 (the “**Latest Practicable Date**”).

We have also not made any independent evaluation or appraisal of the assets and liabilities of the Group and/or the Target Companies and have not been furnished with any such evaluation or appraisal, except for the valuation report dated 7 April 2025 (the “**Independent Valuation Report**”) prepared by Navi Corporate Advisory Pte Ltd (the “**Independent Valuer**”), being the independent valuer appointed by the Company to express an independent opinion of the total market value of 70% of the equity interest in the capital of AIWater and 50% of the equity interest in the capital of UG Water Group (as defined under paragraph 4.3.2 of this letter) (the “**Market Value**”) as at 31 August 2024 (the “**Valuation Date**”). A summary of the information contained in the Independent Valuation Report is set out in Appendix B of the Circular (the “**Summarised Valuation Report**”). As we are not experts in the evaluation or appraisal of the businesses or assets set out in the Independent Valuation Report, we have placed sole reliance on the independent valuation in relation to the total market value of 70% of the equity interest in the capital of AIWater and 50% of the equity interest in the capital of UG Water Group. We have, however, made reasonable enquiries and exercised our judgment (as deemed necessary) in assessing the reasonable use of such information and representations, and have found no reason to doubt the accuracy or reliability of such information or representations.

Our opinion and advice, as set out in this letter, are based on the market, economic, industry and other applicable conditions prevailing on, and the information made available to us as of, the Latest Practicable Date. Such conditions may change significantly over a relatively short period of time and we assume no responsibility to update, revise or reaffirm our opinion and advice in the light of any subsequent development after the Latest Practicable Date that may affect our opinion and advice contained herein. In arriving at our opinion, with the consent of the Directors and/or the Company, we have taken into account certain other factors and have made certain assumptions as set out in this letter.

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In rendering our opinion and advice, we have not had regard to the specific investment objectives, financial situation, tax position or individual circumstances of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional adviser. Shareholders should further take note of any announcements which may be released by the Company after the Latest Practicable Date which are relevant to the Proposed Disposal and other related corporate actions.

Our opinion and advice in relation to the Proposed Disposal should be considered in the context of the entirety of this letter and the Circular.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this letter or the relevant disclosures in the Circular which relate to us or this letter). We have had no role or involvement and have not provided any advice, financial or otherwise, in the preparation, review and verification of the Circular (other than this letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this letter or the relevant disclosures in the Circular which relate to us or this letter).

3. OVERVIEW OF THE PROPOSED DISPOSAL

The Group is disposing all its shares held in the Target Companies to the Buyer, on the terms and conditions set out in the SPAs. Upon the completion of the Proposed Disposal, the Target Companies of entities will cease to be part of the Group.

3.1 INFORMATION ON THE TARGET COMPANIES

- 3.1.1 The information on the Target Companies, as set out in Section 2.1 of the Circular, is reproduced in italics below:

“AIWater

AIWater is a company incorporated in the People’s Republic of China on 29 September 2021. Since the date of incorporation of AIWater and up to the Latest Practicable Date, the Company, through United Greentech, has made capital injections of approximately RMB28.0 million into AIWater. It is principally engaged in the business of developing and utilising artificial intelligent technology in the management of wastewater treatment plants.

As at the Latest Practicable Date, United Greentech (a wholly-owned subsidiary of the Company) holds 70% of the share capital in AIWater. AIWater has a registered capital of RMB65,000,000 with a paid-up registered capital of RMB37,999,500. The Buyer holds the remaining 30% of the share capital in AIWater.

UG Water

UG Water is an investment holding company incorporated in the Republic of Singapore on 20 December 2023. Since the date of incorporation of UGWater and up to the Latest Practicable Date, the Company, through United Greentech, has made capital injection of RMB54,735 into UGWater.

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As at the Latest Practicable Date, United Greentech holds 50% of the share capital in UG Water, and Mr Gong Shuyi holds the remaining 50% of the share capital in UG Water. Mr Gong Shuyi is also a director of UG Water.

Save as disclosed, Mr Gong Shuyi: (i) does not hold, directly or indirectly, any ordinary shares in the issued and paid-up capital of any Group entity or the Buyer; and (ii) does not hold any directorship or office in any Group entity or the Buyer.

Xinwo AI

Xinwo AI is a company incorporated in the People's Republic of China, and it is a wholly-owned subsidiary of UG Water. Xinwo AI is principally engaged in the business of the management of wastewater treatment plants, and it utilises the wastewater treatment plant management system developed by AIWater. Since the date of incorporation of Xinwo AI and up to the Latest Practicable Date, the Company, through United Greentech and UG Water, has made capital injections of RMB100,000 into Xinwo AI."

- 3.1.2 The historical financial information of the Target Companies are set out in Section 2.2 of the Circular, and Shareholders are advised to read the information carefully.

Please refer to Section 2 of the Circular for further information on the Target Companies.

3.2 Information on the Buyer

The information on the Buyer, as set out in Section 2.4 of the Circular is reproduced in italics below which:

"The Buyer is a company incorporated in Singapore on 8 June 2023 and is principally engaged in the business of investment holding. As at the Latest Practicable Date, the Consortium is the sole shareholder of the Buyer, and the Buyer's directors are Mr Zhao Fu and Ms Huang Wenjing. Ms Huang Wenjing holds approximately 1.33% of the Company's issued shares."

3.3 Information on the Consortium

The information on the Consortium, as set out in Section 2.5 of the Circular, is reproduced in italics below:

*"United AI Greentech Ltd (the "**Consortium**") is a company incorporated in Cayman Islands on 19 September 2024 for the purpose of undertaking the Proposed Transactions. As at the Latest Practicable Date, the Consortium is owned by Feynman (66.67%) and InnoVision SAL (33.33%). Its directors are Mr Zhao Fu, Mr Zhou Bo, Mr Li Li, Ms Pan Shuhong ("**Ms Pan**") and Ms Lien Cheng. Mr Li Li is the chief executive officer of the Company and holds approximately 0.30% of its issued Shares. Ms Lien Cheng holds approximately 0.44% of the Company's issued shares.*

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*The Company is informed that the Consortium is undergoing an internal restructuring (“**Buyer Restructuring**”) of the Consortium such that upon the receipt of all regulatory and third party approvals being obtained for the Proposed Disposal by the parties and prior to Completion, the Consortium will comprise the following entities or their designated nominees as members (“**Consortium Members**”) in the proportions set out below:*

- (a) Feynman (44.46%);*
- (b) InnoVision SAL (16.57%);*
- (c) 合肥知一绿色股权投资合夥企业(有限合伙) (Hefei Zhiyi Green Equity Investment Partnership (Limited Partnership)) (10.41%);*
- (d) Hyde Pacific Holding Co., Limited (20.00%);*
- (e) K-1X Capital Pte. Ltd. (3.78%);*
- (f) Toe Teow Heng (3.78%); and*
- (g) 嘉兴悟开私募基金管理有限公司 (Jiaxing Wukai Private Equity Fund Management Co., Ltd.) (1.00%).*

Feynman is a company incorporated in Singapore on 8 June 2023 and is principally engaged in the business of investment holding. As at the Latest Practicable Date, each of Dr Lin and Ms Pan holds 50 shares in Feynman, representing 50% of the total number of shares in Feynman. Feynman informed the Company that there will be no change to the number of shares in Feynman held by Dr Lin and Ms Pan as part of the Buyer Restructuring. Dr Lin is a controlling shareholder of the Company, holding 414,779,500 Shares, representing approximately 27.02% of the Company’s total number of issued Shares.

Ms Pan is a substantial shareholder of the Company, with an interest in 168,199,000 Shares in the Company, representing approximately 10.96% of the Company’s total number of issued Shares.

InnoVision SAL is a holder of redeemable zero-coupon convertible bonds in aggregate principal amount of US\$15 million issued by the Company, which are convertible into 214,260,000 ordinary shares (based on the aggregate principal amount divided by the conversion price of S\$0.10) in the capital of the Company pursuant to the terms and conditions of the Bonds, representing approximately 12.25% of the Company’s enlarged share capital (following the conversion of the Bonds, excluding any treasury Shares and subsidiary holding(s) and assuming there is no other issuance of Shares). InnoVision SAL’s shareholders are InnoVision USD Fund I LP, InnoVision Capital Dingsheng LP and InnoVision Capital GP Limited. Mr. Zhao Fu (Non-independent Non-executive Director of the Company) is the CEO of InnoVision SAL

Save as disclosed above, none of the Consortium Members and its directors or shareholders (i) holds, directly or indirectly, any other ordinary shares in the issued and paid-up capital of the Company; and (ii) is related to the Directors or controlling Shareholders and their respective associates.”

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3.4 Principal terms of the Proposed Transactions

Full information on the principal terms of the Proposed Transactions, including the Proposed Disposal, are set out in Section 3 of the Circular, and Shareholders are advised to read the information carefully.

3.4.1 Consideration for the Proposed Transactions

The information on the consideration for the Proposed Transactions is set out in Section 3.2 of the Circular which we extract in *italics* as follows:

*“The aggregate consideration for the Proposed Disposal (**“Disposal Consideration”**) is RMB370,000,000 (equivalent to approximately S\$68.3 million), which consist of:*

- (a) RMB6,000,000 (equivalent to approximately S\$1.1 million) in cash for the UG Water Sale Shares (**“UGW Consideration”**);*
- (b) RMB234,847,363 (equivalent to approximately S\$43.3 million) in cash for the AIWater Sale Shares (**“AIWater Cash Consideration”**); and*
- (c) the balance RMB129,152,637 (equivalent to approximately S\$23.8 million) for the AIWater Sale Shares, which shall be satisfied by the Buyer through the Set Off Arrangements (**“Balance Disposal Consideration”**).*

The Disposal Consideration was arrived at after negotiations on an arm’s length basis and on a willing-buyer and willing-seller basis, taking into account the future business prospects of the AIWater Group and comparable market transactions. Further, the Company understands the Buyer recognises the potential of applying Artificial Intelligence (AI) to wastewater treatment in China, where the government is investing in expanding sewerage networks and treatment plants.

Pursuant to the terms of the SPAs and the Set Off Agreement, upon Completion, the Disposal Consideration will be paid and satisfied in part by cash and in part by way of the Set Off Arrangements.”

3.4.2 Conditions Precedent

The information on the conditions precedents of the Proposed Disposal, as set out in Section 3.3 of the Circular, is reproduced in *italics* below:

“The Proposed Disposal are subject to the fulfilment and satisfaction of, inter alia, the following conditions:

- (a) United Greentech and the Buyer having mutually agreed in writing on the appropriate mechanisms by which the Disposal Consideration will be satisfied;*

In respect of the AIWater Disposal

- (b) the results of a due diligence exercise to be undertaken by the Consortium in relation to the AIWater Group being satisfactory to the Consortium;*

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- (c) *all regulatory and third-party approvals being obtained (including from the State Administration of Foreign Exchange (SAFE) of the People's Republic of China, the Singapore Exchange Regulation Pte. Ltd. and the Shareholders);*
- (d) *the Disposal Consideration being validated to be in the best interests of the Company by an independent valuer appointed by the Company;*
- (e) *the independent financial adviser to be engaged by the Company opining that the Proposed Disposal are on normal commercial terms and not prejudicial to the interests of minority Shareholders of the Company; and*

In respect of the UG Water Disposal

- (f) *the completion of the AIWater Disposal.”*

3.4.3 Proposed Capital Reduction, Proposed Distribution and Special Payment

Salient information on the Proposed Capital Reduction, Proposed Distribution and Special Payment, as set out in Section 1.3 of the Circular, is reproduced in italics below:

- “(a) *Subject to Completion, and to reward Shareholders and the Bondholder for their support, the Company proposes to make a conditional aggregate distribution (“**Proposed Distribution**”) of the S\$ equivalent of up to RMB248,650,294, based on the Applicable Exchange Rate, to Shareholders via a capital reduction exercise (“**Proposed Capital Reduction**”), which will involve:*
 - (i) *a cash distribution to Shareholders of the S\$ equivalent of up to RMB154,207,777, based on the Applicable Exchange Rate, being approximately S\$0.03, subject to any adjustments based on the Applicable Exchange Rate, for each Share held by a Shareholder as at the Capital Reduction Record Date to be determined by the Directors (“**Proposed Cash Distribution**”); and*
 - (ii) *an assignment of the Company's rights under the Lin PN and Pan PN, amounting to the principal amounts of RMB67,194,279 and RMB27,248,238 to each of Dr Lin and Ms Pan respectively, in satisfaction of their entitlements to receive the S\$ equivalent of up to RMB67,194,279 and RMB27,248,238 based on the Applicable Exchange Rate pursuant to the Proposed Distribution respectively.*

The Proposed Capital Reduction, to be effected by way of Section 78A read with Section 78C of the Companies Act, will be subject to approval of the independent Shareholders by way of special resolution at the EGM.

- (b) *In connection with the Proposed Distribution, a sum of the S\$ equivalent of up to RMB34,710,120, based on the Applicable Exchange Rate, to InnoVision SAL (“**Relevant Payment**”) as Bondholder pursuant to the terms and conditions of the redeemable zero-coupon convertible bonds in aggregate principal amount of US\$15 million issued by the Company (“Bonds”), whereby in the event of any distribution of dividends by the Company, InnoVision SAL as a holder of the Bonds (“Bondholder”), will be entitled to receive from the Company an amount equivalent to the dividends which would have been received by InnoVision SAL as if the Bonds had been fully converted into Shares.*

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The aggregate amount to be paid to each Shareholder and the Bondholder pursuant to the Proposed Distribution and Relevant Payment will be paid in S\$ based on the Applicable Exchange Rate.

Further details on the Proposed Capital Reduction, the Proposed Distribution and the Relevant Payment are set out in Section 7 of this Circular.”

3.4.4 Set Off Arrangements

As set out in the Circular, Dr Lin, Ms Pan and Innovision SAL are also indirectly the controlling shareholders of the Buyer, which will be paying the Disposal Consideration of RMB370,000,000 to United Greentech upon Completion.

In view of the above, and for efficacy, the Company and United Greentech have entered into the Set Off Agreement with the Buyer, Dr Lin, Ms Pan and InnoVision SAL such that the Disposal Consideration amount payable to United Greentech by the Buyer will be net of the amounts payable by the Company to Dr Lin, Ms Pan and InnoVision SAL arising from the Proposed Distribution and Relevant Payment.

Pursuant to the terms of the Set Off Agreement, the following will be implemented (“**Set Off Arrangements**”):

- (a) Each of the Consortium Members shall subscribe for shares in the capital of the Consortium (“**Consortium Shares**”) for the purpose of funding the Disposal Consideration in cash, save that Feynman and InnoVision SAL shall subscribe for their Consortium Shares in part by assigning and issuing (as the case may be) promissory notes and the balance by cash, the sum of which are the sum equal to the respective subscription price payable for the Consortium Shares allotted and issued (the “**Subscription Price**”).

In partial satisfaction of the Subscription Price:

- (i) InnoVision SAL will issue a promissory note (“**InnoVision SAL PN**”) for the sum of RMB34,710,120¹ to the Consortium, in satisfaction of InnoVision SAL’s Subscription Price payable for the Consortium Shares allotted and issued;
 - (ii) each of Dr Lin and Ms Pan will issue a promissory note (“**Lin PN**” and “**Pan PN**” respectively, and collectively with the InnoVision SAL PN, the “**Promissory Notes**”) for the sum of RMB67,194,279 and RMB27,248,238², respectively to Feynman; and
 - (iii) Feynman will assign its rights under the Lin PN and Pan PN to the Consortium, in satisfaction of Feynman’s Subscription Price payable for the Consortium Shares allotted and issued.
- (b) The Consortium will assign its rights under the Promissory Notes to the Buyer;

1 The principal amount of RMB34,710,120 for the InnoVision SAL PN is equivalent to InnoVision SAL’s entitlement to receive the Relevant Payment of the S\$ equivalent of up to RMB34,710,120, based on the Applicable Exchange Rate, in accordance with the terms and conditions of the Bonds.

2 The principal amounts of RMB67,194,279 and RMB27,248,238 for the Lin PN and Pan PN respectively, are equivalent to Dr Lin’s and Ms Pan’s entitlements to receive distributions amounting to the S\$ equivalent of up to RMB67,194,279 and RMB27,248,238 based on the Applicable Exchange Rate, respectively.

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- (c) At completion of the AIWater SPA and UG Water SPA, the Buyer will pay to United Greentech in cash the AIWater Cash Consideration and the UGW Consideration, and the Buyer will assign its rights under the Promissory Notes to United Greentech in satisfaction of the Balance Disposal Consideration;
- (d) United Greentech is in the process of a capital reduction exercise (“**UGH Capital Reduction**”) to cancel such amount of the share capital of United Greentech, to write off the amount of the accumulated losses of United Greentech;
- (e) United Greentech will declare a dividend of the sum of RMB360.0 million payable to the Company, and pursuant to which, distribute the Promissory Notes in specie, to the Company in partial satisfaction of such dividend;
- (f) The Company will assign its rights under the Promissory Notes to, each of Dr Lin, Ms Pan and InnoVision SAL, in satisfaction of their Entitlements pursuant to the Proposed Distribution and Special Payment, thereby constituting full and final discharge of the Company’s obligations to Dr Lin, Ms Pan and InnoVision SAL vis-à-vis their Entitlements pursuant to the Proposed Distribution and Relevant Payment
- (g) Completion under the AIWater SPA and the UG Water SPA shall in turn take place contemporaneously on the same day, and the Proposed Capital Reduction, the Proposed Distribution to all of the Company’s Shareholders and the UGH Capital Reduction shall also take effect on the same day.

4. EVALUATION OF THE PROPOSED DISPOSAL

In our evaluation of the financial terms of the Proposed Disposal, we have examined the following factors which have a significant bearing on our assessment:

- (a) the rationale for the Proposed Transactions;
- (b) the historical pro forma financial performance and condition of the Target Companies;
- (c) the reasonableness of the Disposal Consideration;
- (d) the pro forma financial effects of the Proposed Disposal and the Proposed Capital Reduction on the Group; and
- (e) other relevant considerations.

4.1 Rationale for the Proposed Transactions

The rationale for the Proposed Transactions, as set out in Section 4 of the Circular, is reproduced in italics below:

“(a) Improve financial performance and cash flow concerns.

The Group has experienced consecutive losses over the past two and a half years and a high cash burn rate of approximately RMB50 million (equivalent to approximately S\$9.2 million) annually. This makes it challenging for the Group to

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support both the AIWater Group and the sludge treatment and membrane manufacturing business. The Proposed Disposal aims to reallocate resources to strengthen growth in the Group's core business, being the sludge treatment and membrane manufacturing businesses, which have a lower cash burn rate.

(b) Eliminate the high capital outlay of the Artificial Intelligence business

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

(c) The Proposed Disposal present an opportunity to maximise value for Shareholders.

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

(d) Strategic realignment and focus on achieving profitability in the near term.

Strategically, the Proposed Disposal will enable the Group to redirect resources into its existing business segments, namely its core proprietary technologies such as continuous thermal hydrolysis and efficient energy recovery system in sludge treatment and membrane manufacturing businesses, allowing the Group to focus on achieving sustainable profitability and generating stronger returns for shareholders in the near term.

(e) Return of Capital to the Shareholders

The Board is committed to enhancing Shareholders' return in their investment in the Company. The Board is of the view that the Proposed Distribution amount is in excess of the immediate requirements of the Company, and the Proposed Distribution, if effected, would result in the Company having a more efficient capital structure, and at the same time, also improve Shareholders' return on equity. In determining the level of capital to be returned to Shareholders, the Board has ensured that it retains sufficient capital for the remaining business segments, namely sludge treatment and membrane manufacturing businesses, and working capital needs.

Rationale for the Inter-Conditionality of the Resolutions for the Proposed Disposal and the Proposed Capital Reduction:

As alluded to in Section 4.1 above, the primary objective of the Proposed Capital Reduction is to enhance Shareholders' return in their investment in the Company. If the Shareholders do not approve the Proposed Disposal, this will not generate the excess capital which may be returned to Shareholders and the Company will not be proceeding with the Proposed Capital Reduction (and consequently the Relevant Payment). Instead, the Company would opt to retain its capital to ensure sufficiency of such capital to meet the Company's existing business needs (including those of the AIWater Group).

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The Proposed Capital Reduction, the Proposed Distribution, along with the Relevant Payment, being utilised as a set-off arrangement were negotiated as a package for satisfaction of the Disposal Consideration. The Board found the set-off mechanism acceptable and favourable to the Company because the arrangements allow the Company to streamline its balance sheet and reduce cash outflows arising from the distribution for the Proposed Capital Reduction to all its Shareholders.

The Company understands the set-off arrangement also optimises tax efficiency and reduces friction from transaction and administrative costs for the Consortium which would otherwise have required a more complex regulatory clearance process to procure the funds required for the Disposal Consideration (in its full quantum). By streamlining the funds flow through the set-off arrangement, this gives the Company greater certainty in completion of the Proposed Disposal (if approved by the Shareholders)."

4.2 Historical Pro Forma Financial Performance and Condition of the Target Companies

We understand from Management that Xinwo AI started operations only in June 2024 for the sole purpose of providing operations and maintenance support services to one of AIWater's customers. As such, the historical financial information which has been provided to us by Management and presented below has incorporated Xinwo AI's financial performance with that of AIWater. The salient figures are based on the unaudited pro forma combined financial statements of the Target Companies for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024 ("FY2022", "FY2023" and "FY2024" respectively) are set out below:

4.2.1 Unaudited Pro Forma Combined Profit or Loss Statements

| (RMB'000) | ----- Unaudited Pro Forma ----- | | |
|--|---------------------------------|-----------------------|--------------------------|
| | FY2022 ⁽¹⁾ | FY2023 ⁽¹⁾ | FY2024 ⁽¹⁾⁽²⁾ |
| Revenue | 1,236 | 6,404 | 25,203 |
| Cost of sales | (483) | (5,448) | (17,536) |
| Gross profit | 753 | 956 | 7,667 |
| Other income | 139 | 54 | 24 |
| General and administrative expenses ⁽³⁾ | (4,084) | (10,093) | (10,280) |
| Selling and distribution costs | – | (703) | (919) |
| Finance costs | (19) | (11) | (8) |
| (Loss) before income tax | (3,211) | (9,797) | (3,515) |
| Income tax expense | – | – | (1,794) |
| (Loss) after income tax | (3,211) | (9,797) | (5,309) |
| Non-controlling interest ("NCI") | 963 | 2,939 | 521 |
| (Loss) after income tax after NCI | (2,248) | (6,858) | (4,788) |

Source: The Target Companies' unaudited pro forma combined financial statements for FY2022, FY2023 and FY2024.

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Notes:

- (1) We understand from Management that the financial statements were presented based on the Singapore Financial Reporting Standards (International) (“SFRS”). Based on our discussions with Management, certain research and development expenses were capitalised under the Chinese Generally Accepted Accounting Principles but expensed under SFRS. Save for this, we understand from Management that there were no other material differences between the two standards.
- (2) For FY2024, the financial information presented includes 100.0% contribution of AIWater and Xinwo AI.
- (3) Included under general and administrative expenses are staff and related costs which related to the Target Companies’ technical and sales team whose payroll was incurred under the Company. Such relevant staff and related costs amounted to RMB684,000, RMB2,366,000 and RMB3,366,000 for FY2022, FY2023 and FY2024 respectively. The above did not include any other common cost allocation (e.g. key management cost, HQ rental etc) by the Company to the Target Companies.

We note the following from the Management:

Financial performance

- (a) The Target Companies commenced the commercialisation of its technology-related services in FY2022 and recorded revenues of RMB1.2 million, RMB6.4 million and RMB25.2 million in FY2022, FY2023 and FY2024 respectively. The technology commercialised was in relation to its AIWater Management System which integrates concentration gradient concept, machine learning model, AI Digital Twin and Big Data to develop its proprietary solution for the optimal management of wastewater treatment plants. The increase in revenue of RMB6.4 million in FY2023 compared to revenue of RMB1.2 million in FY2022 was mainly attributed to more energy management contracts (“**EMC**”) while for the increased in revenue to RMB25.2 million in FY2024, the increase was mainly due to more EMC projects secured as well as revenue contribution from an operations and maintenance (“**O&M**”) contract from Xinwo AI.

Excluding Xinwo AI’s revenue contribution of RMB16.2 million to the Target Companies in FY2024, the Target Companies’ revenue would have been RMB9.0 million for FY2024;

- (b) Gross profit increased from RMB0.7 million in FY2022 to RMB1.0 million in FY2023 whilst gross profit margins decreased from 60.9% in FY2022 to 14.9% in FY2023. This was a result of EMC projects being in the implementation phase and had yet to record revenue but had costs incurred for the projects. For FY2024, profit margins improved to 30.4% mainly due to the O&M project secured by Xinwo AI which contributed a gross profit of RMB7.5 million for FY2024;
- (c) In line with the commencement of commercialisation, the Target Companies recorded general and administrative expenses of RMB4.1 million, RMB10.1 million and RMB10.3 million in FY2022, FY2023 and FY2024 respectively, which comprised mainly of staff and related cost amounting to RMB3.1 million, RMB7.9 million and RMB7.6 million in FY2022, FY2023 and FY2024 respectively;
- (d) In line with the commercialisation of the Target Companies’ technology-related services, the Target Companies reported selling and distribution expenses for FY2023 and FY2024 amounting to RMB0.7 million and RMB0.9 million respectively, which comprised mainly travelling and marketing expenses;

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- (e) As a result of the above, the Target Companies reported a net loss of RMB3.2 million, RMB9.8 million and RMB5.3 million in FY2022, FY2023 and FY2024 respectively.

Excluding non-controlling interest share of losses and profits, the net loss attributable to shareholders of the Target Companies in FY2022, FY2023 and FY2024 was RMB2.2 million, RMB6.9 million and RMB4.8 million respectively. Had the RMB7.5 million gross profit contributed from the O&M project secured by Xinwo AI been excluded, the Target Companies would have recorded a net loss of RMB12.8 million for FY2024, of which net loss of RMB12.3 million will be attributable to shareholders of the Target Companies.

4.2.2 Unaudited Pro Forma Combined Statements of Financial Position

| (RMB'000) | ----- Unaudited Pro Forma ----- | |
|----------------------------------|---------------------------------|---------------------------|
| | As at 31 December 2023 | As at 31 December 2024 |
| Current assets | | |
| Cash and bank balances | 9,538 | 6,133 |
| Contract assets | 2,676 | 13,170 |
| Trade and other receivables | 2,468 | 6,176 |
| Inventories | 2 | 706 |
| Prepayments | 124 | 145 |
| Total current assets | 14,808 | 26,330 |
| Non-current assets | | |
| Construction in progress | 2,778 | 7,152 |
| Software development | 2,744 | 4,046 |
| Property, plant and equipment | 1,364 | 3,460 |
| Right-of-use assets | 112 | 703 |
| Long term prepaid expenses | 100 | — |
| Total non-current assets | 7,098 | 15,361 |
| Total assets | 21,906 | 41,691 |
| Current liabilities | | |
| Trade and other payables | 4,508 | 16,862 |
| Other liabilities | 2,241 | 2,190 |
| Lease liabilities | — | 226 |
| Total current liabilities | 6,749 | 19,278 |
| Non-current liabilities | | |
| Lease liabilities | 89 | 379 |
| Deferred tax liabilities | — | 1,794 |

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| (RMB'000) | ----- Unaudited Pro Forma ----- | |
|--------------------------------------|---------------------------------|---------------------------|
| | As at 31 December 2023 | As at 31 December 2024 |
| Total non-current liabilities | 89 | 2,173 |
| Total liabilities | 6,838 | 21,451 |
| Net assets | 15,068 | 20,240 |
| Equity | | |
| Share capital | 27,942 | 38,109 |
| Capital reserve | 252 | 566 |
| Accumulated losses | (9,188) | (13,976) |
| Non-controlling interest | (3,938) | (4,459) |
| Total equity | 15,068 | 20,240 |

Source: The Target Companies' unaudited pro forma combined financial statements for FY2023 and FY2024.

We note the following from the Management:

Financial Position

- (a) The Target Companies recorded positive working capital of RMB8.1 million as at 31 December 2023 and RMB7.1 million as at 31 December 2024;
- (b) Current assets amounted to RMB26.3 million (FY2023: RMB14.8 million) which comprised mainly cash and cash equivalents, contract assets and trade and other receivables. As at 31 December 2024, cash and cash equivalents, contract assets and trade and other receivables amounted to RMB6.1 million (FY2023: RMB9.5 million), RMB13.2 million (FY2023: RMB2.7 million) and RMB6.2 million (FY2023: RMB2.5 million) respectively. We note that contract assets were aged between 30 to 365 days depending on the settlement terms (i.e. quarterly or yearly invoicing for AI services rendered) as agreed with customers. Contract assets are invoiced upon customer acknowledgement and customers are usually granted 30 to 90 days credit terms from the date of invoice. The increase in contract assets was mainly due to work done but yet billed by Xinwo AI in relation to O&M services.

The increase in trade and other receivables by RMB3.7 million from RMB2.5 million as at 31 December 2023 to RMB6.2 million as at 31 December 2024 was mainly due to the billings made by the Target Companies to customers during FY2024. Out of the RMB3.7 million of trade and other receivables, RMB1.7 million relates to O&M services invoiced by Xinwo AI to a customer.

Non-current assets amounted to RMB15.4 million (FY2023: 7.1 million) which comprised mainly of construction in progress, software development expenditures and property, plant and equipment amounting to RMB7.2 million (FY2023: RMB2.8 million), RMB4.0 million (FY2023: RMB2.7 million) and RMB3.5 million (FY2023: RMB1.4 million) respectively.

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The increase of RMB4.4 million in construction in progress is mainly due to the software, hardware and qualifying implementation costs capitalised for new AIWater projects secured during FY2024. The increase in software development cost of RMB1.3 million is due to cost incurred in the development of the AIWater system under the collaboration with the Chinese Science Academy.

- (c) Total liabilities amounted to RMB21.5 million (FY2023: RMB6.8 million) which comprised mainly of trade and other payables amounting to RMB16.9 million (FY2023: RMB4.5 million) and other liabilities amounting to RMB2.2 million (FY2023: RMB2.2 million) respectively.

The increase in trade and other payables of RMB12.4 million were mainly arising from payables to trade suppliers for Xinwo AI's project of RMB4.6 million and amount due to the Company (arising from payroll recharges made as a pro forma adjustment) of RMB3.4 million.

The increase in deferred tax liabilities of RMB1.8 million (FY2023: RMBNil) arose from the timing differences between the revenue recognised by Xinwo AI during FY2024 and the eventual invoicing of the contract assets after the customer has acknowledged the services rendered.

- (d) Total equity amounted to RMB20.2 million (FY2023: 15.1 million) which mainly comprised of share capital, capital reserve and accumulated losses. The increase in total equity of RMB5.1 million is mainly due to increase in share capital of the Target Companies amounting to RMB10.2 million, net of operating losses of RMB5.3 million recorded during the period.
- (e) Net asset value attributable to owners of the Company ("**NAV**") of the Target Companies amounted to RMB24.7 million as at 31 December 2024. Excluding the intangible assets comprising of software developments of RMB4.0 million as at 31 December 2024, the net tangible assets ("**NTA**") of the Target Companies amounted to RMB20.7 million as at 31 December 2024.

4.2.3 Unaudited Combined Statements of Cash Flows

| (RMB'000) | ----- Unaudited Pro Forma ----- | |
|--|---------------------------------|----------------|
| | FY2023 | FY2024 |
| Net cash (used in) from operating activities | (10,202) | (10,416) |
| Net cash (used in) from investing activities | (3,761) | (8,764) |
| Net cash generated from financing activities | 20,129 | 15,775 |
| Net decrease in cash and cash equivalents | 6,166 | (3,405) |
| Cash and cash equivalents at the beginning of the year | 3,372 | 9,538 |
| Cash and cash equivalents at end of the year | 9,538 | 6,133 |

Source: The Target Companies' unaudited pro forma combined financial statements for FY2023 and FY2024.

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We note the following from the Management:

Cashflow

- (a) In FY2023, the Target Companies reported cash outflow from operating activities of RMB10.2 million. This comprised mainly of trade purchases made of RMB2.7 million, staff and related cost of RMB9.1 million and other operating cost of RMB1.3 million. This is offset by collections during the period from customers of RMB2.9 million.

Total cash outflow from investing activities amounted to RMB3.8 million in FY2023. This is mainly due to software and hardware cost capitalized from the implementation of the new wastewater treatment plants projects secured by the Target Companies.

Total cash inflow from financing activities amounted to RMB20.1 million in FY2023 mainly arising from capital injection from shareholders (inclusive of pro forma adjustment of RMB2.6 million) of the Target Companies.

Overall, the Target Companies recorded a net cash inflow of RMB6.2 million for FY2023; and

- (b) In FY2024, the Target Companies reported cash outflow from operating activities of RMB10.4 million. This comprised mainly trade purchases made of RMB14.0 million, staff and related cost of RMB10.8 million and other operating cost of RMB2.6 million. This is offset by collections during the period from customers of RMB16.8 million.

Total cash outflow from investing activities amounted to RMB8.8 million in FY2024. This is mainly due to software and hardware cost capitalised from the implementation of the new wastewater treatment plants projects secured by the Target Companies.

Total cash inflow from financing activities amounted to RMB15.8 million in FY2024 mainly arising from capital injection from shareholders (inclusive of pro forma adjustment of RMB3.4 million) of the Target Companies.

Overall, the Target Companies recorded a net cash outflow of RMB3.4 million for FY2024.

4.3 Reasonableness of the Disposal Consideration

4.3.1 Comparison with the NAV/NTA of the Target Companies as at 31 December 2024

The NAV/NTA of a group refers to the aggregate value of all the assets in their existing condition, net of any non-controlling interests and all the liabilities of the group. The NAV/NTA approach may provide an estimate of the value of a group assuming the hypothetical sale of all its assets over a reasonable period of time, the proceeds of which would be first used to settle the liabilities of the group with the balance available for distribution to its shareholders. Therefore, the net assets of a group are perceived as providing support for the value of the shareholders' equity.

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Notwithstanding the foregoing, Shareholders should note that an analysis based on the NAV/NTA of the Target Companies provides an estimate of the value of the Target Companies based on a hypothetical scenario, and such hypothetical scenario is assumed without considering factors such as, *inter alia*, time value of money, market conditions, legal and professional fees, liquidation costs, taxes, contractual obligations, regulatory requirements and availability of potential buyers, which would theoretically affect the NAV/NTA that can be realised. While the asset base of the Target Companies can be a basis for valuation, such a valuation does not necessarily imply a realisable market value as the market value of the assets and liabilities may vary depending on prevailing market and economic conditions. Furthermore, the NAV/NTA approach is more relevant in circumstances where the business is to cease operations or where the profitability of the business being valued is not sufficient to sustain an earnings-based valuation.

Based on the latest unaudited combined pro forma financial statements of the Target Companies as at 31 December 2024, the combined NAV of the Target Companies amounted to approximately RMB24.7 million. Accordingly, the Price-to-NAV (“**P/NAV**”) of the Target Companies implied by the Disposal Consideration would be approximately 14.98 times as at 31 December 2024.

Based on the latest unaudited combined pro forma financial statements of the Target Companies as at 31 December 2024, the combined NTA of the Target Companies amounted to RMB20.7 million. Accordingly, the Price-to-NTA (“**P/NTA**”) of the Target Companies implied by the Disposal Consideration would be approximately 17.91 times as at 31 December 2024.

In our evaluation of the Proposed Disposal, we have also considered whether there are any assets which should have been valued at an amount that would have materially differed from that which are recorded in the unaudited combined pro forma statement of financial position of the Target Companies as at 31 December 2024, and whether there are any factors which have not been otherwise disclosed in the financial statements of the Target Companies that are likely to impact the NAV/NTA of the Target Companies as at 31 December 2024.

The Directors and Management have confirmed that as the Latest Practicable Date, and to the best of their knowledge and belief:

- (a) they are not aware of any material differences between the estimated market value of the assets held by the Target Companies vis-à-vis their respective book values recorded in the unaudited pro forma combined statements of financial position of the Target Companies as at 31 December 2024;
- (b) they are not aware of any circumstances which may cause the NAV and NTA of the Target Companies as at the Latest Practicable Date to be materially different from that recorded in the unaudited pro forma combined statements of financial position of the Target Companies as at 31 December 2024;
- (c) there are no contingent liabilities, bad or doubtful debts or impairment losses or material events as at the Latest Practicable Date which are likely to have a material impact on the NAV and NTA of the Target Companies as at 31 December 2024;

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- (d) there are no litigation, claim or proceedings pending or threatened against the Target Companies or of any fact which would give rise to any proceedings which are likely to have a material impact on the NAV and NTA of the Target Companies as at 31 December 2024;
- (e) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Target Companies in accordance with the SFRS and which have not been so disclosed and where that would have a material impact on the NAV and NTA of the Target Companies; and
- (f) save for the Proposed Disposal and related matters as disclosed above and in the Circular, there are no material acquisitions or disposal of assets by the Target Companies between 31 December 2024 and the Latest Practicable Date, and the Target Companies does not have any plans for any such impending material acquisition or disposal of assets, conversion of the use of the Target Companies' material assets or material change in the nature of the Target Companies' business.

4.3.2 Comparison with the Market Value as determined by the Independent Valuer

In connection with the Proposed Disposal, the Company had commissioned the Independent Valuer to express an opinion on the total market value of 70% equity interest in the capital of AIWater and 50% equity interest in the capital of Xinwo AI and UG Water (collectively known as the “**UG Water Group**”) as at the 31 August 2024.

The independent valuation has been undertaken on a “Market Value” basis, which is defined as *“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”* in the International Valuation Standards (2025). Details of the Summarised Valuation Report is set out in Appendix B to the Circular while the Independent Valuation Report is a document available for inspection at the registered office of the Company for the period from the date of the Circular up to and including the date of the EGM.

As set out in the Summarised Valuation Report, the Independent Valuer has considered 3 generally accepted approaches, namely, the income approach, the market approach and the cost approach. The income approach provides an indication of value by converting projected cash flows to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset. The market approach provides an indication of value by comparing the asset and/or liability with identical or comparable (that is similar) assets and/or liability for which price information is available. The market approach often uses market multiples derived from a set of comparables, each with different multiples. The selection of the appropriate multiple within the range may require adjustment and judgement, considering qualitative and quantitative factors. The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for all relevant forms of obsolescence.

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The Independent Valuer has adopted the income approach as the primary approach and market approach as reference. The income approach was adopted as the primary approach because the Target Companies had ongoing business and operation with the ability to generate probable future cash flows.

Under the market approach, the Independent Valuer has considered the historical Enterprise Value-to-Sales (“**EV/S**”) and forward EV/S multiples in the valuation. Based on the analysis, the volatilities from the multiples of comparable companies make it difficult to conclude a reliable amount for the valuation by adopting the result from a single market multiple approach and no single company was comparable in size, capital nature of business and operations. Thus, the market approach is used as a reference only.

In the opinion of the Independent Valuer, the cost approach is not adopted because it does not directly incorporate information about the future economic benefits expected to be derived by the Target Companies. Accordingly, the Independent Valuer has relied solely on the income approach in assessing the equity value of Target Companies and the market approach as a reference only.

Based on its analysis, further details of which are set out in the Independent Valuation Report and the Summarised Valuation Report, the Independent Valuer is of the opinion that as at the Valuation Date, the Market Value of 70% of the equity interest in the capital of AIWater and 50% of the equity interest in the capital of UG Water Group is RMB37.0 million to RMB43.9 million. We note that the Disposal Consideration of RMB370.0 million represents a significant premium of 900.00% and 742.82% over the lower bound and upper bound of the Market Value respectively as at the Valuation Date.

Details of the Summarised Valuation Report is set out in Appendix B to the Circular. Shareholders are advised to read the Independent Valuation Report and the Summarised Valuation Report carefully, in particular, the valuation approaches and methodologies as well as the key assumptions and critical factors which may materially affect the valuation of 70% equity interest in the capital of AIWater and 50% equity interest in the capital of UG Water Group.

We note that the Independent Valuer has the relevant experience and track record acting as independent valuer for similar transactions involving SGX-ST listed companies.

We are not involved in the preparation of and assume no responsibility for the Independent Valuation Report and Summarised Valuation Report. In particular, we do not assume any responsibility to ensure that the contents thereof have been prepared and/or included in the Circular in accordance with all applicable regulatory requirements. We have also not made any independent verification of the matters or bases set out in the Independent Valuation Report and Summarised Valuation Report.

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4.3.3 Comparison of valuation statistics of listed companies broadly comparable to the Target Companies

In considering what may be regarded as a reasonable range of valuation for the purposes of assessing the financial terms of the Proposed Disposal, we have referred to selected companies with business operations that are broadly comparable to the Target Companies, and whose market capitalisations are below S\$1.0 billion (or its local currency equivalent) as at the Latest Practicable Date (the “**Comparable Companies**”), to give an indication of the current market expectations with regard to the perceived valuation of the Target Companies.

In light of the lack of direct comparable companies listed on the SGX-ST, we have, in consultation with the Management, expanded our search to include companies listed on the Beijing Stock Exchange, the Shanghai Stock Exchange and the Shenzhen Stock Exchange (collectively, the “**China Stock Exchanges**”) and selected the following Comparable Companies, which are principally engaged in the business of water treatment using technology, with key markets being the People’s Republic of China (“**PRC**”). Relevant information have been extracted from S&P Capital IQ, publicly available information including annual reports and/or announcements of the Comparable Companies as at the Latest Practicable Date.

Shareholders should note that the Comparable Companies’ accounting policies with respect to the values for which the assets or the revenue and cost are recorded may differ from that of the Target Companies. We have not independently verified (nor have we assumed responsibility or liability for independently verifying) or ascertained and make no representation or warranties, expressed or implied, on the accuracy or completeness of such information. We wish to highlight that the Comparable Companies are not exhaustive and they differ from the respective business segments of the Group in terms of, *inter alia*, business activities, market capitalisation, scale of operations, risk profile, geographical spread, operating and financial leverage, accounting policies, adherence to accounting standards, tax factors, track record and future prospects. In addition, each of the Comparable Companies may engage in other separate business activities which are not related to the principal business of the Target Companies. As such, any comparison made in relation to the Comparable Companies is strictly limited in scope and merely serves as an illustrative guide to Shareholders. Shareholders should also note that private companies, such as the Target Companies, are generally valued at a discount to listed companies due to marketability.

Details on the Comparable Companies, including their business descriptions and the selected key financial and valuation statistics, are set out below and in Annex A to this letter.

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In our assessment of the financial terms of the Proposed Disposal, we have used the following valuation parameters in our analysis:

| Valuation parameter | Description |
|--|--|
| EV/S | <p>The historical EV/S illustrates the ratio of the market value of a company's business relative to its historical revenue. "EV" is the sum of a company's market capitalisation, preferred equity, minority interests, short- and long-term debts and lease liabilities less cash and cash equivalents and represents the actual cost to acquire the entire company.</p> <p>We have considered the historical EV/S of the Comparable Companies based on their respective last transacted prices on the Latest Practicable Date and latest trailing 12-months ("T12M") revenue vis-à-vis the corresponding historical EV/S ratio of the Target Companies based on the Disposal Consideration and the latest T12M unaudited combined pro forma revenue of the Target Companies.</p> |
| Price-to-NAV (" P/NAV ") or Price-to-NTA (" P/NTA ") ratio | <p>An NAV/NTA-based approach is useful to illustrate the extent that the value of each share is backed by tangible assets, and would be more relevant in the case where the company were to change the nature of its business or realise or convert the use of all or most of its assets. The NAV/NTA-based valuation approach may provide an estimate of the value of a company or group assuming the hypothetical sale of all its assets over a reasonable period of time at the aggregate value of the assets used in the computation of the NAV/NTA, with the balance to be distributed to its shareholders after the settlement of all the liabilities and obligations of the company or group.</p> <p>We have considered the historical P/NAV and P/NTA ratios of the Comparable Companies based on their respective last transacted prices on the Latest Practicable Date and latest announced NAV and NTA per share as at the end of the relevant financial year/period (as adjusted for any corporate activities which were undertaken after the latest available balance sheet that may affect the NAV per share, where relevant), vis-à-vis the corresponding historical P/NAV and P/NTA ratio of Target Companies based on the Disposal Consideration and the unaudited combined pro forma NAV and NTA per share of Target Companies as at 31 December 2024.</p> |

The following table sets out the comparative valuation statistics of the Comparable Companies vis-à-vis the Target Companies as implied by the Disposal Consideration.

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Based on the information provided by Management, we note that the Target Companies recorded losses and negative EBITDA in the T12M period ended 31 December 2024. Accordingly, any assessment of the valuation of the Target Companies (implied by the Disposal Consideration) based on the PER and EV/EBITDA approaches would not be a meaningful comparison. As such, we have only focused on the EV/S, P/NAV and P/NTA valuation parameters.

| Comparable Companies | Market Capitalisation (S\$' millions) ⁽¹⁾ | Historical EV/S (times) ⁽¹⁾ | Historical P/NAV (times) ⁽¹⁾ | Historical P/NTA (times) ⁽¹⁾ |
|---|--|--|---|---|
| WPG (Shanghai) Smart Water Public Co.,Ltd. | 667.68 | 2.72 | 2.09 | 2.60 |
| Xiamen Jiarong Technology Corp.,Ltd. | 407.91 | 3.50 | 1.26 | 1.29 |
| GreenTech Environmental Co., Ltd. | 367.99 | 3.72 | 1.76 | 4.08 |
| Bescient Technologies Co., Ltd. | 266.02 | 2.81 | 1.31 | 1.32 |
| Qingyan Environmental Technology Co., Ltd. | 253.79 | 11.06 ⁽²⁾ | 1.70 | 1.74 |
| Anhui Huaqi Environmental Protection & Technology Co., Ltd. | 208.87 | 6.86 | 1.37 | 2.08 |
| High | | 11.06 | 2.09 | 4.08 |
| Mean | | 3.92 | 1.58 | 2.18 |
| Median | | 3.50 | 1.53 | 1.91 |
| Low | | 2.72 | 1.26 | 1.29 |
| Target Companies⁽³⁾ | 97.90⁽⁴⁾ | 21.07 | 14.98 | 17.91 |

Source: S&P Capital IQ, annual reports and/or announcements of the respective companies

Notes:

- (1) Based on last transacted prices of the respective companies and exchange rates as at the Latest Practicable Date.
- (2) Being a statistical outlier, Qingyan Environmental Technology Co., Ltd. has been excluded from the computation of mean and median EV/S ratio.
- (3) Based on the Disposal Consideration of RMB370 million for 70% of AIWater and 50% of UG Water.
- (4) Based on 100% interest of the Target Companies, implied by the Disposal Consideration of RMB370 million for 70% of AIWater and 50% of UG Water.

4.3.3.1 Historical EV/S comparison

We note that the historical EV/S ratio of 21.07 times of the Target Companies as implied by the Disposal Consideration is above the range of historical EV/S ratios of the Comparable Companies of between 2.72 times and 11.06 times;

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4.3.3.2 Historical P/NAV comparison

We note that the historical P/NAV ratio of 14.98 times of the Target Companies as implied by the Disposal Consideration is above the range of historical P/NAV ratios of the Comparable Companies of between 1.26 times and 2.09 times; and

4.3.3.3 Historical P/NTA comparison

We note that the historical P/NTA ratio of 17.91 times of the Target Companies as implied by the Disposal Consideration is above the range of historical P/NAV ratios of the Comparable Companies of between 1.29 times and 4.08 times.

4.4 **Pro Forma Financial Effects of the Proposed Disposal and Proposed Capital Reduction on the Group**

The pro forma financial effects of the Proposed Transactions and the Proposed Distribution (taken as a whole) (collectively, the “**Corporate Actions**”) on the Group have been prepared based on the Group’s audited consolidated financial statements for FY2024 and the unaudited pro forma combined financial statements of Target Companies. Further details of the financial effects of the Proposed Disposal and Proposed Capital Reduction have been set out in Section 8 of the Circular, and Shareholders are advised to read the information carefully, in particular, the assumptions used in the pro forma financial effects.

We noted on the following:

(a) (Loss)/Earnings per Share (“LPS”/“EPS”)

The LPS of the Group of RMB3.76 cents in FY2024 would have improved to an EPS of the Group of RMB14.70 cents after the Corporate Actions.

In particular, as set out in Section 8.5 of the Circular, we note that based on audited financial statements of FY2024 of the Group, the Company expects on Completion, to record an estimated net gain of approximately RMB318.1 million (equivalent to approximately S\$58.7 million). The gain on disposal is derived by deducting the net asset value of the Target Companies against the net sales proceeds to be received by the Group; and

(b) NTA per Share

The NTA per Share of the Group would have increased from RMB1.08 cents as at 31 December 2024 to RMB3.34 cents after the Corporate Actions.

Shareholders should note that the pro forma financial effects presented in the Circular are for illustrative purposes only and are not intended to reflect the actual financial situation of the Group upon completion of the Corporate Actions.

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4.5 Other Relevant Considerations

In determining whether the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and independent Shareholders, we have also considered the following:

4.5.1 Set Off Agreement

We noted that pursuant to and among the terms of the Set Off Agreement, at completion of the AIWater SPA and UG Water SPA, the Buyer shall pay to United Greentech in cash the AIWater Cash Consideration (being RMB234,847,363 (equivalent to approximately S\$43.3 million) and the UGW Consideration (being RMB6,000,000 (equivalent to approximately S\$1.1 million), and the Buyer will assign its rights under the Promissory Notes to United Greentech in satisfaction of the Balance Disposal Consideration (being RMB129,152,637 (equivalent to approximately S\$23.8 million).

We also noted that under the Set Off Agreement, Dr Lin, Ms Pan and InnoVision SAL will also undertake not to (directly or indirectly) sell, transfer or otherwise dispose of the whole or part of their interest in their Shares or Bonds (as the case may be), for the period commencing on the date of the Set Off Agreement up to (and including) completion of the Proposed Distribution.

4.5.2 The Proposed Distribution

In connection with the completion of the Proposed Transactions, the Company will be distributing to Shareholders S\$0.03 for each Share held by a Shareholder as at the Capital Reduction Record Date, amounting to an aggregate distribution of approximately S\$46.05 million by way of Proposed Distribution.

Shareholders should note that the ordinary resolution for the Proposed Transactions (which includes the Proposed Disposal) and the special resolution for the Proposed Capital Reduction and Proposed Distribution will be inter-conditional upon one another. This means that if one resolution is not approved, the other resolution will not be passed.

4.5.3 Outlook of the Group

We note the following commentary statement from the announcement of the Group's unaudited financial statements for the full year ended 31 December 2024 ("FY2024") which was made in relation to the competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months:

"In 2024, the Company made notable progress and achieved significant technological breakthroughs across its sludge treatment, AIWater, and membrane business segments. However, several challenges persist, notably the protracted economic recovery in China and escalating costs. These factors have exerted pressure on the Group's financial performance.

The Group is currently commissioning a sludge treatment demonstration plant, which incorporates our proprietary Continuous Thermal Hydrolysis (CTH) and pyrolysis technologies. This is a closed-loop sludge treatment system, ensuring zero-waste

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discharge and full resource recovery. Slated for completion by the second quarter of 2025, the plant will position the Group to broaden its service offerings throughout the ASEAN region.

As we enter 2025, the Group, in collaboration with Econ Technology Co. Ltd. (a subsidiary of Shandong Hi-Speed Co. Ltd., a stateowned enterprise listed on the Shanghai Stock Exchange), has secured a RMB71.3 million contract for municipal sludge in Tongxu County, Henan Province, China. Our proprietary CTH technology, paired with our energy-efficient sludge treatment system, will play a central role in this project, securing us a contract valued at approximately RMB30 million.

In October 2024, the Company's subsidiary, NTi Memtech Pte. Ltd., established a joint venture, NTi Technology Pte. Ltd. ("NTi Tech"), with Innovamem Holdings Pte. Ltd. Spearheaded by Dr. Ge Hailin, a seasoned industry expert with over 40 years of experience in conducting polymers, membrane materials, and chemical engineering, this partnership will specialise in the production of high-performance membrane. The joint venture is strategically positioned to optimise cost structures and strengthen our competitive edge in membrane technology. This further bolsters the Group's brand presence and expand its market footprint.

In January 2025, the Company entered into a conditional share sale and purchase agreement for the proposed disposal of the AIWater Group. This decision will enable the Group to reallocate resources to its core sludge treatment and membrane manufacturing businesses. In light of the Company's consecutive losses over the past three years and its substantial annual cash burn rate, it is imperative to rebalance the Group's priorities to address the immediate financial pressures. Without this strategic shift, the Group risks further financial strain, which could undermine its ability to recover and deliver value to shareholders. This realignment is crucial to secure a more sustainable path forward.

We see tremendous market potential for our sludge treatment and membrane technologies, particularly in China and Southeast Asia. Our proprietary sludge treatment technology is well equipped to address pressing industry challenges, while NTi's advanced membrane technology is uniquely positioned to meet the increasing demand for advanced wastewater treatment and recycling solutions in a wide range of industrial applications."

4.5.4 Abstention from voting

As set out in Section 10 of the Circular, Dr. Lin and Ms. Pan will, and have undertaken to ensure that their respective associates will, abstain from exercising any voting rights in relation to the ordinary resolution and special resolution sought to be passed at the EGM, and will not accept nominations to act as proxy by any Shareholder who is unable to attend the EGM unless such Shareholder has provided specific instructions as to voting.

Accordingly, the Proposed Disposal would proceed only if, *inter alia*, a majority of the independent Shareholders were to vote in favour of the Proposed Disposal.

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5. OUR OPINION AND ADVICE

In arriving at our opinion in respect of the financial terms of the Proposed Disposal, we have taken into account the following key considerations:

- (a) the rationale for the Proposed Disposal, as set out in paragraph 4.1 of this letter;
- (b) the historical pro forma financial performance and position of the Target Companies, as set out in paragraph 4.2 of this letter;
- (c) an assessment of the reasonableness of the Consideration as follows:
 - (i) a comparison with the NAV and NTA of the Target Companies as at 31 December 2024, wherein the Disposal Consideration represents a P/NAV and P/NTA of 14.98 and 17.91 times respectively, as set out in paragraph 4.3.1 of this letter;
 - (ii) a comparison with the market value of the Target Companies as at the Valuation Date as determined by the Independent Valuer, wherein the Disposal Consideration represents a significant premium of 900.00% and 742.82% over the range of Market Value of Target Companies of RMB37.0 million to RMB43.9 million as at the Valuation Date, as set out in paragraph 4.3.2 of this letter; and
 - (iii) as set out in paragraph 4.3.3 of this letter, a comparison with the valuation statistics of the Comparable Companies, wherein the EV/S, P/NAV and P/NTA ratios implied by the Disposal Consideration are above the range of EV/S, P/NAV and P/NTA ratios of the Comparable Companies;
- (d) as detailed in paragraph 4.4 of this letter, the pro forma financial effects of the Proposed Disposal and Proposed Capital Reduction on the Group, in particular, we noted that the LPS of the Group of RMB3.76 cents in FY2024 would have improved to an EPS of the Group of RMB14.70 cents after the Corporate Actions. In addition, as set out in Section 8.5 of the Circular, we note that based on audited financial statements of FY2024 of the Group, the Company expects on Completion, to record an estimated net gain of approximately RMB318.1 million (equivalent to approximately S\$58.7 million); and
- (e) other relevant considerations, as detailed in paragraph 4.5 of this letter.

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Having considered the above and subject to the assumptions and qualifications set out in this letter, we are of the opinion that, on balance, the Proposed Disposal as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. Accordingly, we advise the Non-interested Directors to recommend the independent Shareholders to vote in favour of the Proposed Disposal.

This letter has been prepared pursuant to Rule 921(4)(a) of Chapter 9 of the Listing Manual of the SGX-ST for inclusion in the Circular as well as for the use of the Non-interested Directors in connection with and for the purposes of their consideration of the Proposed Disposal. The recommendation to be made by the Non-interested Directors to the independent Shareholders shall remain the sole responsibility of the Non-interested Directors.

Whilst a copy of this letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of SAC Capital in each specific case, except for the forthcoming EGM and for the purposes of the Proposed Disposal.

Our opinion and advice are governed by, and construed in accordance with, the laws of Singapore. Our opinion and advice are strictly limited to the matters stated herein and do not apply by implication to any other matter.

Yours faithfully

For and on behalf of

SAC CAPITAL PRIVATE LIMITED

Tan Kian Tiong
Partner and Head, Capital Markets

Lim Shi Yu Charmian
Partner

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Annex A

| | | Share price as at the Latest Practicable Date ("RMB") | | Market capitalisation as at the Latest Practicable Date (\$ million) ⁽¹⁾ | Revenue (\$ million) ⁽¹⁾ | | Net profit/(loss) after tax attributable to shareholders (\$ million) ⁽¹⁾ | |
|---------|-------------------|---|--|--|--|--|--|--|
| | | | | | | | | |
| Company | Stock exchange | Business description (as extracted from S&P Capital IQ Pro) | | | Financial year end | | | |

WPG (Shanghai) Smart Water Public Co., Ltd. engages in research and development, production, sale, and service of secondary water supply equipment in China. The company offers pump room parts, connected metering, intelligent modular water plant, direct drinking water, information, and IoT hardware products. It also provides smart water plant solutions, including smart water plant operation management, modular water plant, and deep processing solutions; smart water solutions, including security, big data, water dispatch, GIS solution for pipe network, leakage, and marketing solutions; rural water supply; smart drainage; smart sewage; engineering and EPC; and smart water supply. The company was founded in 2011 and is based in Shanghai, China.

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| | | | | ----- Trailing 12 Months ----- | | | |
|---------------------------------------|-------------------------|---|---|---|-----------------------|---|---|
| Company | Stock exchange | Business description (as extracted from S&P Capital IQ Pro) | Share price as at the Latest Practicable Date ("RMB") | Market capitalisation as at the Latest Practicable Date (\$\$' million) ⁽¹⁾ | Financial year end | Revenue (\$\$' million) ⁽¹⁾ | Net profit/(loss) after tax attributable to shareholders (\$\$' million) ⁽¹⁾ |
| | | | | | | | |
| Xiamen Jiarong Technology Corp., Ltd. | Shenzhen Stock Exchange | Xiamen Jiarong Technology Corp., Ltd. manufactures and sells environmental protection equipment. It offers containerized systems, DTRO and STRO skid mounted systems, tubular ultra-filtration membrane systems, disc type/spiral tube modules, and I-FLASH MVR. The company was founded in 2005 and is headquartered in Xiamen, China. | 19.13 | 407.91 | 31 December | 96.78 | 9.81 |
| GreenTech Environmental Co., Ltd. | Shanghai Stock Exchange | GreenTech Environmental Co., Ltd. engages in the water treatment and waste-to-resources projects in the People's Republic of China. It focuses on engineering, construction, operation, management, and finance of projects in the areas of wastewater treatment and upgradation, water reuse and waste-to-resources, and water environment using membrane technologies. The company was founded in 2004 and is based in Beijing, the People's Republic of China. | 16.37 | 367.99 | 31 December | 104.76 | 9.88 |

APPENDIX A – IFA LETTER

| | | ----- Trailing 12 Months ----- | | | |
|--|-------------------------|--|---|---|---|
| Company | Stock exchange | Business description (as extracted from S&P Capital IQ Pro) | Share price as at the Latest Practicable Date ("RMB") | Market capitalisation as at the Latest Practicable Date (\$\$' million) ⁽¹⁾ | Net profit/(loss) after tax attributable to shareholders (\$\$' million) ⁽¹⁾ |
| Bescient Technologies Co., Ltd. | Shanghai Stock Exchange | Bescient Technologies Co., Ltd. designs and manufactures environmental monitoring and measuring instruments. The company produces wastewater, ambient air, flue gas, and other intelligent environmental monitoring instruments. It also develops related systems. The company was incorporated in 1999 and is based in Shenzhen, China. | 18.41 | 266.02 | 60.61 (7.09) |
| Qingyan Environmental Technology Co., Ltd. | Shenzhen Stock Exchange | Qingyan Environmental Technology Co., Ltd. researches and develops environmental protection equipment in China. It offers rapid purification of sewage using sedimentation integrated rectangular airlift loop reactors; three-dimensional biological immobilized curtain series rapid biochemical sewage treatment technology; a set of process technology and equipment for high-concentration organic wastewater; and ammonia nitrogen degradation microbial agents. The company was founded in 2014 and is headquartered in Shenzhen, China. | 12.97 | 253.79 | 17.66 (0.88) |

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| | | | | ----- Trailing 12 Months ----- | |
|---|-------------------------|---|--|---|--|
| Company | Stock exchange | Business description (as extracted from S&P Capital IQ Pro) | Share price as at the Latest Practicable Date | Market capitalisation as at the Latest Practicable Date | Net profit/(loss) after tax attributable to shareholders (S\$' million) ⁽¹⁾ |
| | | | ("RMB") | (S\$' million) ⁽¹⁾ | |
| Anhui Huaqi Environmental Protection & Technology Co., Ltd. | Shenzhen Stock Exchange | Anhui Huaqi Environmental Protection & Technology Co., Ltd. engages in the water environment management business in China. It is also involved in the water environment engineering design, general engineering contracting, project investment and operation, intelligent environmental protection equipment, and ecological environment protection materials activities. The company was founded in 2002 and is based in Maanshan, China. | 8.59 | 208.87 | 43.10 (4.19) |

Sources: S&P Capital IQ Pro, annual reports and/or announcements of the respective companies

Note:

(1) The following exchange rates have been extracted from S&P Capital IQ Pro as at the Latest Practicable Date: S\$1: RMB5.434.

APPENDIX B – SUMMARISED VALUATION REPORT



Report date:
7 April 2025



BUSINESS VALUATION OF THE TARGET GROUP

PREPARED FOR LEADER ENVIRONMENTAL
TECHNOLOGIES LIMITED

Summarised Valuation Report

APPENDIX B – SUMMARISED VALUATION REPORT



Executive Summary

| Valuation of 70% equity interest in the capital of AIWater (as defined herein) and 50% equity interest in the capital of UG Water Group (as defined herein) | |
|---|--|
| Valuation Date | 31 August 2024 |
| Intended use of valuation and/or intended user (if applicable) | To ascertain the total Market Value of 70% equity interest in the capital of AIWater and 50% equity interest in the capital of UG Water Group to seek independent shareholders' approval for the proposed disposal by Leader Environmental Technologies Limited (the " Company " or " LETL "). |
| Background | <p>Listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Company and its subsidiaries ("Group") is a premier high-tech environmental solutions provider focusing on the following four key business segments:</p> <ul style="list-style-type: none"> • municipal / oil sludge treatment; • artificial intelligence water management system; • high-performance membrane manufacturing; and • greentech investments. <p>On 13 January 2025 and 28 February 2025, the Group announced that the Company had, through its wholly-owned subsidiary, United Greentech Holdings Pte. Ltd. ("United Greentech"), on 12 January 2025 and 28 February 2025 entered into:</p> <p>(a) a conditional share sale and purchase agreement ("AIWater SPA") with WJL Holding Pte. Ltd. (the "Buyer") in relation to the proposed disposal of all the shares in the capital of AIWater (Anhui) Co., Ltd. ("AIWater") held by United Greentech ("AIWater Disposal"), representing 70% of the share capital of AIWater, to the Buyer for a total consideration of RMB234,847,363 in cash and RMB129,152,637 by way of the set-off arrangement. The Buyer is currently a shareholder of AIWater, holding the remaining 30% of the share capital of AIWater; and</p> <p>(b) a conditional share sale and purchase agreement ("UG Water SPA" together with the AIWater SPA, the "SPAs") with the Buyer in relation to the proposed disposal of all the shares in the capital of UG Water Pte. Ltd. ("UG Water") held by United Greentech ("UG Water Disposal" together with the AIWater Disposal, the "Proposed Disposal"), representing 50% of the share capital of UG Water, for a total consideration of RMB6,000,000 to be satisfied</p> |

APPENDIX B – SUMMARISED VALUATION REPORT



Valuation of 70% equity interest in the capital of AIWater (as defined herein) and 50% equity interest in the capital of UG Water Group (as defined herein)

| | |
|--------------------|---|
| | <p>in cash. UG Water in turn wholly owns Xinwo AIWater (Hubei) Co., Ltd. ("Xinwo AI"); and</p> <p>(c) a set-off agreement with the Company, InnoVision Super Aqua Limited, Dr Lin Yucheng, Ms Pan Shuhong, United AI Greentech Ltd, Feyman Capital Pte. Ltd. and the Buyer, in relation to, <i>inter alia</i>, the satisfaction of the consideration payable under the AIWater SPA in part by the set-off arrangement.</p> <p>Xinwo AI and UG Water, collectively the "UG Water Group" and UG Water Group together with AIWater, collectively, the "Target Group".</p> <p>AIWater is a company incorporated in the People's Republic of China on 29 September 2021. It is principally engaged in the business of developing and utilising artificial intelligence technology in the management of wastewater treatment plants. AI Water does not own any subsidiary or associate as at the Valuation Date.</p> <p>UG Water is an investment holding company incorporated in the Republic of Singapore on 20 December 2023. We further understand that UG Water does not have any existing operations or business activities and does not hold any significant assets or liabilities as at the Valuation Date.</p> <p>Xinwo AI is a company incorporated in the People's Republic of China, and it is a wholly-owned subsidiary of UG Water. Xinwo AI is principally engaged in the business of the management of wastewater treatment plants, and it utilises the wastewater treatment plant management system developed by AIWater.</p> <p>As a result of the Proposed Disposal, the Company would like to perform the valuation of 70% equity interest in the capital of AIWater and 50% equity interest in the capital of UG Water Group.</p> |
| Subject matter | 70% equity interest in the capital of AIWater and 50% equity interest in the capital of UG Water Group |
| Basis of Valuation | Market Value |
| Valuation approach | Income approach as the primary approach with the Market approach as cross-checking |
| Valuation currency | Renminbi (RMB or CNY) |

APPENDIX B – SUMMARISED VALUATION REPORT



| | |
|---|---|
| Valuation of 70% equity interest in the capital of AIWater (as defined herein) and 50% equity interest in the capital of UG Water Group (as defined herein) | |
| Other details | We wish to highlight that any discrepancies in tables included herein between the amounts and the totals thereof are due to rounding; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them. |
| Based on the analysis outlined in the report which follows, we are of the opinion that the total Market Value of 70% equity interest in the capital of AIWater and 50% equity interest in the capital of UG Water Group as at the Valuation Date is as follows: RMB37.0 million to RMB43.9 million (rounded to the nearest one decimal place) | |

APPENDIX B – SUMMARISED VALUATION REPORT



Private and Confidential

Our reference: L0006-BV-r001b-2

NAVI CORPORATE ADVISORY PTE LTD
Company Registration No. 202224784E

6 Battery Road
Level 42 The Executive Centre
Singapore 049909

www.navi.sg

7 April 2025

Leader Environmental Technologies Limited

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

Dear Sirs,

**VALUATION OF 70% EQUITY INTEREST IN THE CAPITAL OF AIWATER (AS DEFINED HEREIN)
AND 50% EQUITY INTEREST IN THE CAPITAL OF UG WATER GROUP (AS DEFINED HEREIN)**

In accordance with your instructions, we have undertaken the valuation service for Leader Environmental Technologies Limited (the "**Company**" or "**LETL**"), together with its subsidiaries ("**Group**") in relation to the proposed disposal of 70% equity interest in the capital of AIWater (as defined herein) and 50% equity interest in the capital of UG Water Group (as defined herein) by the Company.

All capitalised terms used in this summarised valuation report dated 7 April 2025 ("**Summarised Valuation Report**") shall bear the same meanings as ascribed to them in the valuation report dated 7 April 2025 ("**Full Report**").

Listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Group is a premier high-tech environmental solutions provider focusing on the following four key business segments:

- municipal / oil sludge treatment;
- artificial intelligence water management system;
- high-performance membrane manufacturing; and
- greentech investments.

On 13 January 2025 and 28 February 2025, the Group announced that the Company had, through its wholly-owned subsidiary, United Greentech Holdings Pte. Ltd. ("**United Greentech**"), on 12 January 2025 and 28 February 2025 entered into:

- (a) a conditional share sale and purchase agreement ("**AIWater SPA**") with WJL Holding Pte. Ltd. (the "**Buyer**") in relation to the proposed disposal of all the shares in the capital of AIWater (Anhui) Co., Ltd. ("**AIWater**") held by United Greentech ("**AIWater Disposal**"), representing 70% of the share capital of AIWater, to the Buyer for a total consideration of RMB234,847,363 in cash and RMB129,152,637 by way of the set-off arrangement. The Buyer is currently a shareholder of AIWater, holding the remaining 30% of the share capital of AIWater; and

APPENDIX B – SUMMARISED VALUATION REPORT



- (b) a conditional share sale and purchase agreement ("**UG Water SPA**" together with the AIWater SPA, the "**SPAs**") with the Buyer in relation to the proposed disposal of all the shares in the capital of UG Water Pte. Ltd. ("**UG Water**") held by United Greentech ("**UG Water Disposal**" together with the AIWater Disposal, the "**Proposed Disposal**"), representing 50% of the share capital of UG Water, for a total consideration of RMB6,000,000 to be satisfied in cash. UG Water in turn wholly owns Xinwo AIWater (Hubei) Co., Ltd. ("**Xinwo AI**"); and
- (c) a set-off agreement with the Company, InnoVision Super Aqua Limited, Dr Lin Yucheng, Ms Pan Shuhong, United AI Greentech Ltd, Feyman Capital Pte. Ltd. and the Buyer, in relation to, *inter alia*, the satisfaction of the consideration payable under the AIWater SPA in part by the set-off arrangement.

Xinwo AI and UG Water, collectively the "**UG Water Group**" and UG Water Group together with AIWater, collectively, the "**Target Group**".

AIWater is a company incorporated in the People's Republic of China on 29 September 2021. It is principally engaged in the business of developing and utilising artificial intelligence technology in the management of wastewater treatment plants. AI Water does not own any subsidiary or associate as at the Valuation Date.

UG Water is an investment holding company incorporated in the Republic of Singapore on 20 December 2023. We further understand that UG Water does not have any existing operations or business activities and does not hold any significant assets or liabilities as at the Valuation Date.

Xinwo AI is a company incorporated in the People's Republic of China, and it is a wholly-owned subsidiary of UG Water. Xinwo AI is principally engaged in the business of the management of wastewater treatment plants, and it utilises the wastewater treatment plant management system developed by AIWater.

As a result of the Proposed Disposal, the Company instructed NAVI to perform the valuation of the 70% equity interest in the capital of AIWater and 50% equity interest in the capital of UG Water Group. This Summarised Valuation Report has been prepared to ascertain the total Market Value of 70% equity interest in the capital of AIWater and 50% equity interest in the capital of UG Water Group to seek independent Shareholder's approval by the Company in relation to the Proposed Disposal and should be read in conjunction with the Full Report.

APPENDIX B – SUMMARISED VALUATION REPORT



This valuation has been undertaken on a Market Value basis in accordance with the International Valuation Standards (2025) which is defined as follows:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

The valuation date is 31 August 2024 (“**Valuation Date**”) and the date of the Summarised Valuation Report is 7 April 2025 (“**Report Date**”).

Based on the analysis outlined in the report which follows, we are of the opinion that the total Market Value of 70% equity interest in the capital of AIWater and 50% equity interest in the capital of UG Water Group as at the Valuation Date is as follows:

RMB37.0 million to RMB43.9 million
(rounded to the nearest one decimal place)

APPENDIX B – SUMMARISED VALUATION REPORT



The following pages outline the factors considered and the methodology and assumptions employed in formulating our views, opinions and conclusions. Any views, opinions and/or conclusions are subject to the assumptions and limiting conditions contained therein.

Yours Faithfully,
For and on behalf of
Navi Corporate Advisory Pte Ltd

Richard Yap
CEO

APPENDIX B – SUMMARISED VALUATION REPORT



Terms of reference

Navi Corporate Advisory Pte Ltd (“**NAVI**” or “**Valuer**”) has been appointed to undertake an independent valuation of 70% equity interest in the capital of AIWater and 50% equity interest in the capital of UG Water Group. We were neither a party to the negotiations entered into by the Group in relation to the Proposed Disposal nor were we involved in the deliberation leading up to the decision on the part of the management of the Company, Group and/or Target Group (“**Management**”) to enter into the Proposed Disposal (as the case may be) and we do not, by the Summarised Valuation Report, Full Report or otherwise, advise or form any judgement on the merits of the Proposed Disposal. We do not warrant the merits of the Proposed Disposal or the acceptability of the risk for the Proposed Disposal.

We have confined our evaluation strictly and solely on the financials of the Target Group and have not taken into account the commercial/financial risks and/or merits (if any) of the Proposed Disposal or the strategic merits or the comparison with other deals involving shares of the Company, Group and/or Target Group. We were not required to comment on or evaluate the methods or procedures used by the Target Group to manage the change in any risk profile of the Company, Group and/or Target Group in the context of possible changes in the nature of operations. Such evaluation or comment remains the responsibility of the Management although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our view as set out in the Summarised Valuation Report and/or Full Report.

We were not requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Proposed Disposal. In addition, we do not express any views or opinions on the merits of the Proposed Disposal, the legality or all other matters pertaining to the Proposed Disposal, documents for the Proposed Disposal (the notice of meeting and the accompanying explanatory notes), *inter alia*, the independence of any party or mechanism or process of voting, acceptance, its eligibility or validity or the other alternatives (if any) or the sufficiency of the information.

In the course of our evaluation, we have held discussions with, *inter alia*, the Management regarding their assessment of the Proposed Disposal and have examined publicly available information collated by us as well as the financial information, both written and verbal, provided to us by the Management, including its consultants or advisers (where applicable). We have not independently verified such information but have made enquiries and used our judgement as we deemed necessary on such information and have found no reason to doubt the reliability of the information. Accordingly, we cannot and do not expressly or impliedly represent or warrant, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information or the manner in which it has been classified or presented.

We do not warrant and have not commented on the acceptability of the risk that the Company, Group and/or Target Group may be subject to for the Proposed Disposal.

APPENDIX B – SUMMARISED VALUATION REPORT



The scope of our appointment does not require us to perform an independent evaluation or appraisal of the individual assets, liabilities and/or profitability of the Group and/or the Target Group and we do not express a view on the financial position, future growth prospects and earnings potential of the Company or Group after the completion of the Proposed Disposal in accordance with the terms of the SPA. As such, we have relied on the disclosures and representations made by the Company on the value of the assets and liabilities and profitability of the Group and/or the Target Group.

Our opinion in this Summarised Valuation Report and/or Full Report is based on economic conditions, market, industry, monetary and other conditions (if applicable) in effect on, and the information provided to us, as at the Valuation Date. Accordingly, the bases or assumptions and likewise our views or opinions may change in light of developments which *inter alia*, include general as well as company-specific or industry-specific conditions or sentiments or factors.

Shareholders should note that the evaluation is based solely on publicly available information and other information provided by the Management as well as the economic and market conditions prevailing as at the Valuation Date, and therefore does not reflect unexpected financial performance and financial condition after the Valuation Date or developments both macro and company-specific and that these factors do and will necessarily affect the valuation of the interests in the capital of the Target Group. Likewise, this Summarised Valuation Report outlines some of the matters or bases or factors or assumptions which we have used in our valuation and is a summary. They are by no means exhaustive or a reproduction of all the matters or bases or factors or assumptions etc. which we have used in the valuation.

In rendering the opinion, we have made no regard for the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any individual shareholder of the Company, Group and/or Target Group (the “**Shareholder**”). As such, any individual Shareholder who may require advice in the context of his or her specific investment portfolio, including his or her investment in the Company, Group and/or Target Group, should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Accordingly, any factor or assumption or basis as well as the relative emphasis on any matter set out in this Summarised Valuation Report and provided by the Company, Group and/or Target Group which we used or may have used may differ from the relative emphasis accorded by any individual Shareholder and that any reliance on our opinion or view or assessment, is subject to the contents of the Summarised Valuation Report and Full Report in its entirety.

Accordingly, our Summarised Valuation Report, Full Report, opinion or views or recommendation should not be used or relied on by anyone for any other purpose and should only be used by the Company, subject to the terms of reference and the contents of the Summarised Valuation Report and Full Report as one of the basis for their opinion or views or recommendation. In addition, any references

APPENDIX B – SUMMARISED VALUATION REPORT



to our Summarised Valuation Report, Full Report, opinion or views, should not be made except with our prior consent in writing and even if made with our prior consent in writing, shall be subject to the contents of the Summarised Valuation Report and/or Full Report in its entirety *inter alia* the matters, conditions, assumptions, factors and bases as well as our terms of reference for the Summarised Valuation Report and/or the Full Report.

APPENDIX B – SUMMARISED VALUATION REPORT



Credentials

NAVI was founded in 2022 and currently has a team of more than 5 professionals performing the business valuation function, including its Chief Executive Officer, Mr Richard Yap, who has experience in corporate finance, strategy and business valuation and advisory work. NAVI is a corporate member of International Valuation Standard Council (the independent global standard setter for the valuation profession). Mr Richard Yap is a member of The Institute of Valuers and Appraisers, Singapore (IVAS) who holds the certification of Chartered Valuer Appraisal and has the requisite certification for conducting business valuation.

Mr Richard Yap has around 15 years of experience as a business valuer. He has conducted business valuations on companies located/operating in countries such as Singapore, Malaysia, Indonesia, China and India for transaction purpose. Beside valuations for transaction purpose, Mr Richard Yap also conducts valuations for financial reporting purpose such as purchase price allocation exercise, share option valuation and impairment assessment of companies operating in China, Vietnam and Thailand.

APPENDIX B – SUMMARISED VALUATION REPORT



1.0 Background

1.1 Introduction

Listed on the Main Board of the SGX-ST, the Group is a premier high-tech environmental solutions provider focusing on the following four key business segments:

- municipal / oil sludge treatment;
- AI water management system;
- high-performance membrane manufacturing; and
- greentech investments.

On 13 January 2025 and 28 February 2025, the Group announced that the Company had, through its wholly-owned subsidiary, United Greentech, on 12 January 2025 and 28 February 2025 entered into:

- (a) AIWater SPA with the Buyer in relation to AIWater Disposal, representing 70% of the share capital of AIWater¹, to the Buyer for a total consideration of RMB234,847,363 in cash and RMB129,152,637 by way of the set-off arrangement. The Buyer is currently a shareholder of AIWater, holding the remaining 30% of the share capital of AIWater; and
- (b) UG Water SPA with the Buyer in relation to the UG Water Disposal, representing 50% of the share capital of UG Water, for a total consideration of RMB6,000,000 to be satisfied in cash. UG Water in turn wholly owns Xinwo AI; and
- (c) a set-off agreement with the Company, InnoVision Super Aqua Limited, Dr Lin Yucheng, Ms Pan Shuhong, United AI Greentech Ltd, Feyman Capital Pte. Ltd. and the Buyer, in relation to, *inter alia*, the satisfaction of the consideration payable under the AIWater SPA in part by the set-off arrangement.

AIWater is a company incorporated in the People's Republic of China on 29 September 2021. It is principally engaged in the business of developing and utilising AI technology in the management of wastewater treatment plants. AI Water does not own any subsidiary or associate as at the Valuation Date.

UG Water is an investment holding company incorporated in the Republic of Singapore on 20 December 2023. We further understand that UG Water does not have any existing operations or business activities and does not hold any significant assets or liabilities as at the Valuation Date.

Xinwo AI is a company incorporated in the People's Republic of China in April 2024, and it is a wholly-owned subsidiary of UG Water. Xinwo AI is principally engaged in the business of the management of

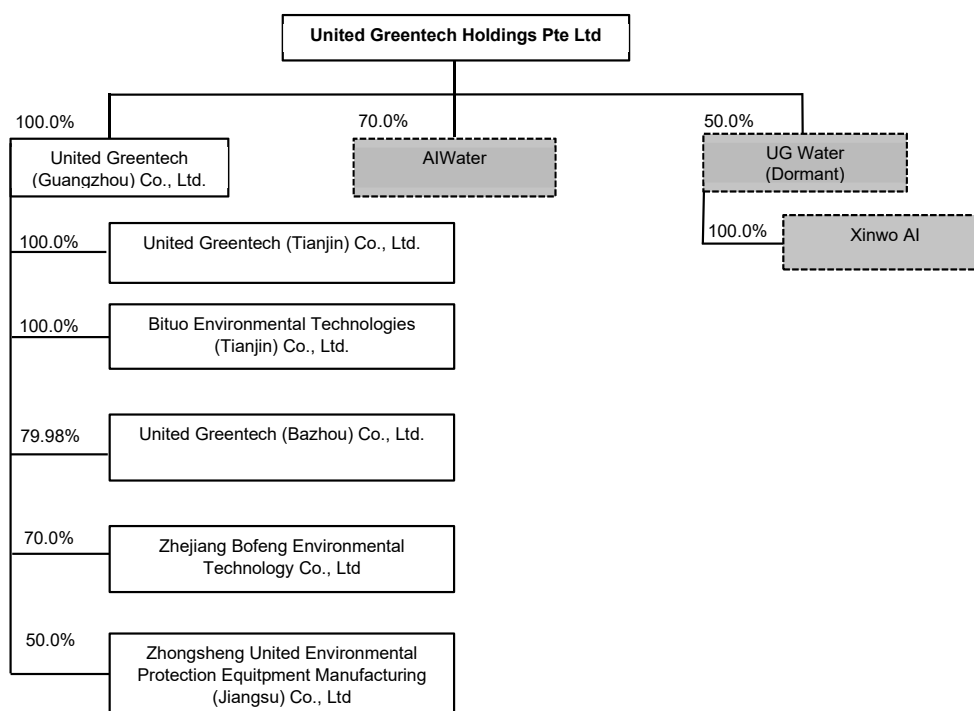
¹ AIWater has a registered capital of RMB65,000,000 with a paid-up registered capital of RMB37,999,500. The valuation of 70% equity interest in the capital of AIWater is based on the registered capital.

APPENDIX B – SUMMARISED VALUATION REPORT



wastewater treatment plants, and it utilises the wastewater treatment plant management system developed by AIWater.

As at the Valuation Date, the corporate structure of the Target Group (as shown in the grey boxes) is as follows:



1.2 Instruction

The Company instructed NAVI to perform the valuation of the 70% equity interest in the capital of AIWater and 50% equity interest in the capital of UG Water Group.

The Valuation Date is 31 August 2024 and the Report Date is 7 April 2025.

1.3 Intended Use and/or intended users (if applicable)

The intended use of the valuation is to ascertain the total Market Value of the 70% equity interest in the capital of AIWater and 50% equity interest in the capital of UG Water Group to seek independent Shareholders' approval by the Company.

APPENDIX B – SUMMARISED VALUATION REPORT



1.4 Basis of Valuation

This valuation has been undertaken on a Market Value basis in accordance with the International Valuation Standards (2025) which is defined as follows:

“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

1.5 Statement of Independence

We confirm that we have no present or contemplated interest in the Target Group which is the subject of this valuation and are acting independently of all parties. We are not involved in the discussion leading up to the decision on the part of the Management to enter into the Proposed Disposal. Our fees are agreed on a lump sum basis and are not contingent on the outcome. As such, we are in a position to provide an objective and unbiased valuation.

1.6 Limitation of Circulation

This Summarised Valuation Report has been prepared solely to seek independent Shareholders' approval by the Company. Save for the inclusion of this Summarised Valuation Report in the circular to be issued by the Company to its shareholders, this Summarised Valuation Report is not to be otherwise used or referred to, in whole or in part, or quoted by excerpt or reference in any matter, nor for any legal or court proceedings, general circulation, publication or reproduction in any form without our prior written consent. We will assume no responsibility or liability for any losses incurred by you or any third party as a result of unauthorized circulation, publication or reproduction of this report in any form and/or if used contrary to the intended use stated therein.



2.0 Valuation Approach and Methodology

2.1 Valuation Approaches

We have considered the 3 valuation approaches namely Income Approach, Market Approach and Cost Approach. The details of the various valuation approaches are described as follows:

2.1.1 Income Approach

Income Approach provides an indication of value by converting projected cash flows to a single current value. Under the Income Approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset.

2.1.2 Market Approach

Market Approach provides an indication of value by comparing the asset and/or liability with identical or comparable (that is similar) assets and/or liability for which price information is available. The Market Approach often uses market multiples derived from a set of comparables, each with different multiples. The selection of the appropriate multiple within the range may require adjustment and judgement, considering qualitative and quantitative factors.

2.1.3 Cost Approach

Cost Approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for all relevant forms of obsolescence.

APPENDIX B – SUMMARISED VALUATION REPORT



2.2 Valuation Methodology

Based on the discussion with the Management and review of the information, we have adopted the Income Approach as our primary approach and the Market Approach as a reference.

The rationale for adopting the Income Approach lies in the present value rule, i.e. the value of any asset or enterprise value is the present value of expected future cash flows, discounted at a rate appropriate to the risk of the cash flows not being realised. We considered the use of the Income Approach as the primary approach to be appropriate as the Target Group had ongoing business and operation with the ability to generate probable future cash flows.

Under the Market Approach, we have considered the historical Enterprise Value/Sales ("**EV/S**") and forward EV/S multiples in the valuation. Based on the analysis, the volatilities from the multiples of Comparable Companies make it difficult to conclude a reliable amount for the valuation by adopting the result from a single market multiple approach and no single company was comparable in size, capital nature of business and operations. Thus, the Market Approach is used as a reference only.

The Cost Approach is not adopted because it does not directly incorporate information about the future economic benefits expected to be derived by the Target Group.

Accordingly, we have relied solely on the Income Approach in assessing the equity value of the Target Group and the Market Approach as a reference only.

2.3 Income Approach – Discounted Cash Flow ("**DCF**") Method

We have used the DCF method which is one application of the Income Approach to assess the overall enterprise value of the companies by calculating the free cash flow to the firm ("**FCFF**") of Target Group. FCFF represents the cash flows left over after covering capital expenditure and working capital needs. The present value of FCFF is a measure of enterprise value and the equity value is subsequently derived after taking into consideration debt, excess cash and cash equivalents as well as non-operating assets/liabilities. FCFF is defined as follows:

$$\text{FCFF} = \text{EBIT} (1 - \text{Tax rate}) + \text{Depreciation and Amortisation} - \text{Capital Spending} - \text{Change in Working Capital}$$

In applying the DCF method there are three critical inputs:

- A supportable cash flow forecast;
- An estimate of the terminal value at the end of the forecast period; and
- An appropriate discount rate to discount the future cash flows to its present value.

The assumptions used in the DCF analysis are set out in the following sections.

2.3.1 FCFF

The FCFF is based on the financial projections from the financial period from 1 September 2024 to 31 December 2024 ("FPDec2024") to the financial year ended 31 December ("FY") 2028 provided by the Management and extended for working for terminal value from FY2029 to FY2033 which is shown as follows:

| RMB | FPDec2024 | Forecast | | | | Working for Terminal Value | | | | Normalised |
|------------------------------------|--------------------|---------------------|--------------------|------------------|------------------|----------------------------|-------------------|-------------------|-------------------|-------------------|
| | | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 | FY2031 | FY2032 | |
| EBIT | (a) 22,019 | 812,371 | 4,615,992 | 9,385,000 | 14,698,901 | 18,202,475 | 20,687,906 | 22,716,703 | 24,029,059 | 24,461,431 |
| Less: Tax expenses | (b) - | - | - | (1,062,057) | (2,204,835) | (2,730,371) | (3,103,186) | (3,407,505) | (3,604,359) | (3,669,215) |
| Add: Depreciation and amortisation | (c) 82,879 | 2,248,636 | 3,048,636 | 3,848,636 | 5,179,251 | 5,100,000 | 5,800,000 | 6,450,000 | 7,050,000 | 7,550,000 |
| Less: Capital expenditure | (d) (6,743,477) | (8,000,000) | (8,000,000) | (8,000,000) | (8,000,000) | (7,000,000) | (7,000,000) | (6,500,000) | (6,000,000) | (5,000,000) |
| Less: Net working capital changes | (e) (2,838,168) | (11,184,192) | (4,250,299) | (4,892,677) | (5,792,494) | (5,521,261) | (5,136,079) | (4,319,200) | (3,083,417) | (1,503,324) |
| FCFF | (9,476,747) | (16,123,185) | (4,585,671) | (721,098) | 3,880,822 | 8,050,842 | 11,248,640 | 14,939,997 | 18,391,283 | 19,288,892 |

Notes:

- Forecasted EBIT from FPDec2024 to FY2028 is projected based on Management's expectation of future business plan as at the Valuation Date. EBIT forecast is extended from FY2029 to FY2033 for the working for terminal value. Please refer to Section "4.0 Financial Analysis" of the Full Report for further details;
- A corporate tax rate of 15% has been applied as Target Group is applying for the new/high-tech enterprises reduced concessionary tax rate of 15%;
- Forecasted depreciation and amortisation for FPDec2024 to FY2033 are projected based on the depreciation of the existing assets and construction in progress as well as the projected CAPEX with a useful life of 10 years;
- The projected CAPEX expected to be incurred during the projected period are mainly for the EMC projects to be acquired; and
- Forecasted working capital is projected based on estimated turnover days for inventories, trade & other receivables and trade & other payables for the forecast period which are expected to change in line with the cost of sales, revenue and operating expense (as the case may be). The turnover days of the forecasted net working capital are shown as follows:
 - Inventories: 12 to 16 days.
 - Trade & other receivables: 188 to 197 days.
 - Trade & other payables: 76 to 90 days.

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2.3.2 Terminal Value

We have applied the Gordon Growth Model in estimating the terminal value at the end of the forecast period. Based on the Gordon Growth Model, the terminal value is computed as below:

$$\text{Terminal value} = \frac{\text{FCFF}_{n+1} \times (1+g)}{(\text{WACC} - g)}$$

Notes:

- a) FCFF_{n+1} : refers to expected normalised FCFF one year from n-th year.
- b) WACC: refers to weighted average cost of capital. Please refer to Section "2.3.3 Discount Rate" of this Summarised Valuation Report for the discount rate applied for the valuation of Target Group.
- c) g: refers to the growth rate in perpetuity. We have assumed that the earnings of the Target Group would reach a stable perpetual growth rate of 3.0% after FY2033 with reference to the expected long-term global GDP growth rate.

2.3.3 Discount Rate

We have adopted Weighted Average Cost of Capital ("**WACC**") ranging from 12.5% to 13.5% for Target Group, as a discount rate used to discount the forecasted FCFF to its present value which is used as a measure of enterprise value. Please refer to Appendix 2 of the Full Report for the details about the computation of WACC for Target Group.

2.3.4 Debt & non-operating payables and excess cash and cash equivalents

The equity value is derived by subtracting total debt & non-operating payables of approximately RMB3,200 and adding total excess cash and cash equivalents of RMB9.4 million, both derived from 100% of AIWater and 71.43% of Xinwo AI as at the Valuation Date.

2.3.5 Adjustment

We applied a discount for lack of marketability ("**DLOM**") of approximately 30.0% for the Target Group. After taking into consideration that Target Group is not publicly traded on any stock exchange where shares can be traded in a centralised market. DLOM is based on reference made to historical empirical studies including *inter alia*, to Maher Study, Trout Study, Management Planning, Inc. Study and Columbia Financial Study.

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2.3.6 Total Market Value of 70% equity interest in the capital of AIWater and 50% equity interest in the capital of UG Water Group

Based on the DCF Method, the total Market Value of 70% equity interest in the capital of AIWater and 50% equity interest in the capital of UG Water Group is as follows:

| | | RMB'000 | |
|-----------------------|--------------------------------------|---------------|---------------|
| | | Low | High |
| (A) | Present value of FCFF | 4,446 | 6,272 |
| (B) | Add: Present value of terminal value | 61,824 | 73,888 |
| (C) = (A) + (B) | Enterprise value | 66,270 | 80,160 |
| (D) | Less: Debt & non-operating payables | 3.2 | 3.2 |
| (E) | Add: Excess cash & other surplus | 9,421 | 9,421 |
| (F) = (C) - (D) + (E) | Equity value before DLOM | 75,688 | 89,578 |
| (G) | Less: DLOM | 30% | 30% |
| (H) = (F) x (1 - G) | Equity value after DLOM | 52,981 | 62,704 |
| (J) = (H) x 70% | 70% equity value after DLOM | 37,087 | 43,893 |

APPENDIX B – SUMMARISED VALUATION REPORT



2.4 Market Approach – as a reference

We performed an estimation of the equity value of the Target Group using the Market Approach for reference purpose based on the selected market multiples, historical EV/S multiple and forward EV/S multiple.

The result of the 70% equity interest in the capital of AIWater and 50% equity interest in the capital of UG Water Group based on the Market Approach which is purely for reference purpose only and does not reflect the total Market Value of 70% equity interest in the capital of AIWater and 50% equity interest in the capital of UG Water Group as at the Valuation Date is as follows:

| | RMB'000 | |
|-----------------|---------|--------|
| | Low | High |
| Historical EV/S | 20,262 | 24,814 |
| Forward EV/S | 41,011 | 43,952 |

2.5 Summary of results

The following table illustrates the results based on Income Approach and Market Approach:

| RMB in millions | Low | High |
|------------------------------------|------|------|
| Income approach - Primary approach | 37.0 | 43.9 |
| Market approach - Cross-check | 20.2 | 44.0 |

APPENDIX B – SUMMARISED VALUATION REPORT



3.0 Key Assumptions

We have made the following key assumptions in this valuation exercise. Any deviation from the following key assumptions may significantly vary the valuation of the Target Group (where applicable):

- The financial information provided accurately reflects the Target Group's financial position, operation and performance.
- The financial statements were prepared in accordance with accounting principles generally accepted internationally on a true and fair basis.
- The Management has provided us with the financial projection of the Target Group from FPDDec2024 to FY2028. To its best knowledge, the Management is solely responsible for the contents, estimation and assumptions used in the projections and concurred with the extension from FY2029 to FY2033.
- The total Market Value of the 70% equity interest of AIWater and 50% equity interest of Xinwo AI is a good representative of the Market Value of the equity interest of the Target Group as discussed with the Management. We have not reviewed the financial performance or the financial position of UG Water and assumed that there is no significant assets and liabilities embedded within.
- The business and operation of the Target Group shall continue to operate as a going concern.
- The Target Group has sufficient liquidity to continue its business and operation.
- There will not be any material changes in the political, legal, regulatory, market and/or economic conditions in the country(ies) where the Target Group operates which may adversely affect the future prospects of the Target Group.
- There will be no material change in inflation, interest rates, exchange rates and/or rates of taxation from those prevailing as at the Valuation Date.
- There are no contingent liabilities, unusual contractual obligations or substantial commitments which would have a material effect on the value of the Target Group.
- The current owners of the Target Group have clear and unencumbered title of ownership over all assets included in this assessment.
- The Target Group's operations and business will not be severely interrupted by any force majeure event or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Management, including but not limited to the occurrence of natural disasters or catastrophes, epidemics or serious accidents.

Other assumptions specific to a particular valuation approach or certain observations and conclusions are outlined in the ensuing sections of the report.

It should be noted that the valuation of the Target Group is critical upon the following key drivers, where applicable:

- Target Group continues to operate as a going concern and is able to meet all its financial obligations.

APPENDIX B – SUMMARISED VALUATION REPORT



- Target Group's sales, costs, and net profit continue to grow according to the forecast. Their capital expenditure and working capital requirements are estimated accurately in the projections.
- Target Group has sufficient operational resources to support the projected turnover and profitability.

The valuation is largely based on information provided to us by the Management who is solely responsible for their contents/accuracy. We have not performed any work in the nature of an audit or due diligence or investigation of the information provided to us and accordingly have not expressed any such opinion in this report. Further, we have not carried out any work in the nature of a feasibility study, nor have we expressed a viable opinion on the Proposed Disposal. We have also not verified or confirmed the information provided to us and have assumed that all such information is accurate and is not subject to material error or omission.

For this exercise, we have considered published market data and other public information relating to comparable companies on international stock exchanges. We are not responsible for their content and accuracy in deriving parameters such as country risk rate for intended use of the valuation. Such information was obtained from Bloomberg and other sources, where applicable.

APPENDIX B – SUMMARISED VALUATION REPORT



4.0 Statement of Value

Based on the Income Approach, we are of the opinion that the total Market Value of 70% equity interest in the capital of AIWater and 50% equity interest in the capital of UG Water Group as at the Valuation Date is as follows:

Income Approach:

RMB37.0 million to RMB43.9 million

(rounded to the nearest one decimal place)

The following illustrates the equity value based on the Market Approach which is purely for reference purpose only and does not reflect the total Market Value of 70% equity interest in the capital of AIWater and 50% equity interest in the capital of UG Water Group as at the Valuation Date.

Market Approach (for reference only):

RMB20.2 million to RMB44.0 million

(rounded to the nearest one decimal place)



5.0 Exclusions and Limitations of Liability

Our work has been performed in accordance with and subject to our Standard Conditions of Engagement, a copy of which has been previously provided. For your reference, we highlight some of the more pertinent points:

- We have used due skill and care in the provision of the services set out in this report;
- We shall not under any circumstances be liable for damages, or for losses, that are not a direct result of breach of contract, or negligence, on our part in respect of services provided in connection with, or arising out of, the engagement set out in this letter (or any variation or addition thereto), or for any consequential losses or loss of profits of whatsoever nature. In any event, the liability of NAVI, its related companies, partners, directors and staff (whether in contract, negligence or otherwise) shall in no circumstances exceed the fees paid specifically for the work in question which allegedly entailed a breach of contract or negligence on our part;
- In no event shall NAVI, its related companies, partners, directors and staff be liable for any loss, damage, cost or expense arising in any form or in connection with the fraudulent acts or omissions, or any misrepresentations or any default on the part of the directors, employees or agents of the management of the Company and its subsidiaries;
- Without derogating from the aforesaid provisions, we shall not under any circumstances whatsoever, be liable to any third party, whether or not they are shown a copy of any work that we have done pursuant to the terms of our engagement, and whether or not we have consented to such work being shown to them, save and except where we specifically agreed in writing to accept such liability;
- Except as a result of our own negligence or wilful default, in the event that we find ourselves subject to a claim or incur legal costs from another party as a result of false or misrepresented information provided by Management in connection with this engagement, any claim established against us and the cost we necessarily incur in defending it would form part of the expenses we would look to recover from the management of the Company.

APPENDIX C – NOTICE OF EXTRAORDINARY GENERAL MEETING

LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED

(Company Registration Number: 200611799H)

(Incorporated in the Republic of Singapore)

("Company")

NOTICE IS HEREBY GIVEN that an extraordinary general meeting ("**EGM**") of the Company will be held physically at Novotel Singapore on Stevens, Draco Room, 28 Stevens Road, Singapore 257878 on Tuesday, 29 April 2025 at 10.30 am (or as soon thereafter following the conclusion of the annual general meeting of the Company to be held at 10.00 am on the same day and at the same place), for the purposes of considering and, if thought fit, passing (with or without modifications) the resolutions below.

*All capitalised terms used in this Notice of EGM which are not defined herein shall, unless the context otherwise requires, have the same meanings ascribed to them in the circular dated 7 April 2025 issued by the Company to the Shareholders ("**Circular**").*

ORDINARY RESOLUTION

THE PROPOSED DISPOSAL OF THE AIWATER GROUP

THAT subject to and contingent upon the passing of Special Resolution set out herein:

- (a) approval be and is hereby given for the Proposed Disposal, on the terms and subject to the conditions set out in the SPAs being an interested person transaction pursuant to Chapter 9 of the Listing Manual and a major transaction pursuant to Chapter 10 of the Listing Manual; and
- (b) the Directors and each of them be and is hereby authorised to take any and all steps and to do and/or procure to be done any and all acts and things (including without limitation, to approve, sign and execute all such documents which they in their absolute discretion consider to be necessary, and to exercise such discretion as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they and/or he may consider necessary, desirable or expedient in order to implement, finalise and give full effect to this Ordinary Resolution and the Proposed Disposal and/or the matters contemplated herein.

SPECIAL RESOLUTION

THE PROPOSED CAPITAL REDUCTION AND THE PROPOSED DISTRIBUTION

THAT subject to and contingent upon the passing of Ordinary Resolution set out herein, pursuant to Section 78A read with Section 78C of the Companies Act and Article 59(2) of the Constitution of the Company:

- (a) the issued and paid-up share capital of the Company be reduced by the \$ equivalent of up to RMB248,650,294, based on the Applicable Exchange Rate, and such reduction be effected by returning the \$ equivalent of up to RMB248,650,294, based on the Applicable Exchange Rate, from the issued and paid-up share capital of the Company to the Entitled Shareholders on the basis of approximately S\$0.03, subject to any adjustments based on the

APPENDIX C – NOTICE OF EXTRAORDINARY GENERAL MEETING

Applicable Exchange Rate, for each Share held by an Entitled Shareholder or on his behalf as at the Capital Reduction Record Date to be determined by the Directors of the Company; and

- (b) the Directors be authorised to do all such acts and things (including, without limitation, entering into all such transactions, arrangements and agreements and executing all such documents) as they may consider necessary or expedient for the purposes of giving effect to this Special Resolution.

By Order of the Board of Directors

Ngoo Lin Fong
Executive Chairman

7 April 2025

APPENDIX C – NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. The members of the Company are invited to attend physically at the EGM. There will be no option for members to participate virtually. Printed copies of this Notice of EGM, the Proxy Form and the Circular 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.
2. Arrangement for participation in the EGM physically.

Members (including CPF and SRS Investors) may participate in the EGM by:

- 2.1 attending the EGM in person;
- 2.2 submitting questions to the Chairman of the EGM in advance of, or at, the EGM; and/or
- 2.3 voting at the EGM (i) themselves personally; or (ii) through their duly appointed proxy(ies). CPF and SRS Investors who wish to appoint the Chairman of the EGM (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 EGM are strongly encouraged not to attend the EGM.

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 EGM.
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 EGM. 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 EGM.

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 EGM 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 EGM as proxy to vote on their behalf at the EGM, in which case they should approach their CPF Agent Banks/SRS Operators at least 7 working days before the EGM to submit their votes by 11.00 a.m. on 17 April 2025.
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 10.30 a.m. on 27 April 2025. The Company shall be entitled to and will treat any valid instrument appointing a proxy as a valid instrument for the member's proxy to attend, speak and vote at the EGM.
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.

APPENDIX C – NOTICE OF EXTRAORDINARY GENERAL MEETING

9. A member can appoint the Chairman of the EGM as his/her/its proxy but this is not mandatory.

If a member wishes to appoint the Chairman of the EGM 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 EGM as proxy. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the Chairman of the EGM 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 EGM by:
- (a) submitting questions via mail to the Company's registered office at 38 Beach Road, South Beach Tower, #29-11, Singapore 189767; or
 - (b) email to queries@leaderet.com; or
 - (c) if a member is attending the EGM in person, live at the EGM.
11. All questions being submitted ahead of the EGM must be submitted by no later than 10.30 a.m. on 17 April 2025. When submitting the questions via mail or email, please provide the Company with the following details, for verification purposes:
- (i) full name;
 - (ii) NRIC number;
 - (iii) current residential address;
 - (iv) contact number; and
 - (v) number of Shares held.

Please also indicate the manner in which you hold Shares in the Company (e.g. via CDP, CPF or SRS).

Please note that the Company will address substantial and relevant questions relating to the resolution to be tabled for approval by 25 April 2025 ("Responses to Q&A"). The Company endeavour to address (i) subsequent clarifications sought, (ii) follow-up questions, or (iii) subsequent substantial and relevant questions which are received after its Responses to Q&A at the EGM 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 EGM, publish the minutes of the EGM on SGXNet, and the minutes will include the responses to the questions which are addressed during the EGM, 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 EGM, 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 EGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) 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.

APPENDIX D – PROXY FORM

LEADER ENVIRONMENTAL TECHNOLOGIES LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200611799H)

EXTRAORDINARY GENERAL MEETING PROXY FORM

IMPORTANT

1. The Extraordinary General Meeting will be held physically. Members have no option to participate virtually.
2. The notice of Extraordinary General Meeting ("EGM" or "Meeting") together with this proxy form and the circular to the shareholders of Leader Environmental Technologies Limited ("Company") dated 7 April 2025 ("Circular") 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 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 EGM 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.

*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 EGM as *my/our *proxy/proxies to attend, speak and to vote for *me/us on *my/our behalf at the EGM to be held at Novotel Singapore on Stevens, Draco Room, 28 Stevens Road, Singapore 257878 on Tuesday, 29 April 2025 at **10.30 am (or as soon thereafter following the conclusion of the annual general meeting of the Company to be held at 10.00 am on the same day and at the same place)**, 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 EGM as 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 EGM.

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 EGM. 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.

| No. | Resolution | For | Against | Abstain |
|-----|--|-----|---------|---------|
| 1. | To approve the Proposed Disposal (Ordinary Resolution) | | | |
| 2. | To approve the Proposed Capital Reduction and the Proposed Distribution (Special Resolution) | | | |

Dated this _____ day of _____ 2025

| TOTAL NUMBER OF SHARES IN: | |
|----------------------------|--|
| (a) CDP Register | |
| (b) Register of Members | |

Signature(s) of Shareholder(s) or
Common Seal of Corporate Shareholder

APPENDIX D – PROXY FORM

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 EGM. 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 EGM as his/her/its proxy but this is not mandatory. If a member wishes to appoint the Chairman of the EGM 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 EGM as proxy. If no specific direction as to voting is given or in the event of any other matter arising at the EGM and at any adjournment thereof, the Chairman of the EGM 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 EGM, 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 **10.30 a.m. on 27 April 2025** (being not less than 48 hours before the time appointed for the EGM).
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 EGM, 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 EGM, 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 EGM dated 7 April 2025.