



Leader Environmental Technologies Limited

利德环保技术有限公司

(Incorporated in the Republic of Singapore on 15 August 2006)
(Company Registration Number: 200611799H)

ACQUISITION OF AN OIL SLUDGE TREATMENT TECHNOLOGY COMPANY

The Board of Directors of Leader Environmental Technologies Ltd (“**Company**” and together with its subsidiaries, “**Group**”) wishes to announce that its wholly-owned subsidiary, United Greentech Investment (Guangzhou) Co., Ltd, has entered into an agreement to acquire 70% shareholding in the capital (“**Acquisition**”) of Zhejiang Bofeng Environmental Technology Co., Ltd (浙江铂洋环保科技有限公司) (“**Bofeng**”) from Mr Bai Xuefeng, Mr Jiao Weizhou and Mr Li Tianjiao for an aggregate purchase consideration (“**Consideration**”) of RMB3,393,444.

Introduction of Bofeng

Bofeng is a company incorporated in Ningbo, Zhejiang province, China, focusing on providing oil sludge treatments. It was incorporated in September 2019 with registered capital of RMB10 million. As at current date, RMB4,425,000 has been injected. Bofeng is founded by Mr Bai Xuefeng, and together with Mr Jiao Weizhou and Mr Li Tianjiao, they invested in Bofeng in equal proportions of 1/3 each. Bofeng has developed its proprietary technology to treat oil sludge and it possesses two technology patents. Its main customer includes China National Offshore Oil Corporation (“**CNOOC**”).

Rationale for the acquisition of Bofeng

Oil sludge treatment has huge market potential. With the acquisition of Bofeng and its technology, the Company will be able to embark on the oil sludge treatment business, both in China and South East Asia. The Company has existing network with various oil giants and will be able to market the oil sludge treatment services together with its AIWater (ie. artificial intelligence technology in water treatment) and sludge treatment services.

The Consideration was arrived at on a willing-buyer, willing-seller basis after taking into consideration the net tangible assets value of Bofeng as at 31 July 2022.

The Acquisition of Bofeng will be funded by the proceeds from the Company’s Rights Issue.

The financial effect of the aforesaid Acquisition on the earnings per share and net tangible assets per share of the Group for the most recently completed financial year, i.e. 31 December 2021, assuming that the transaction had been effected at the beginning and end of that financial year respectively is as follows:

Financial effect on earnings and net tangible assets per share of the Group

	Before acquisition	After acquisition
Earnings per share (RMB cents)	0.41	0.37
Net tangible assets per share (RMB cents)	8.44	8.42

Relative figures under Rule 1006 of the SGX-ST's Listing Manual

The applicable relative figures for the Acquisition computed on the bases set out in Rule 1006 of the SGX-ST's Listing Manual are set out below. As the relative figure for Rule 1006(b) exceeds 5% but does not exceed 20%, the Acquisition is considered a disclosable transaction as defined in Chapter 10 of the SGX-ST's Listing Manual.

Rule 1006	Relative figures
(a) The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable.
(b) The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.	8.73% [#]
(c) The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	0.88%
(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
(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. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	Not applicable

[#] - Bofeng incurred a loss of RMB870,000 for the financial year ended 31 December 2021 and profit of RMB821,000 for the 7-month period ended 31 July 2022.

The Acquisition is not expected to have any material impact on the net tangible assets per share or earnings per share of the Company for the current financial year.

None of the directors or substantial shareholders of the Company has any interest, direct or indirect, in the above transaction other than through their shareholding (if any) in the Company.

Documents available for inspection

A copy of the sale and purchase agreement in respect of the Acquisition is available for inspection by shareholders during normal business hours at the registered address of the Company at 38 Beach Road, South Beach Tower, #29-11, Singapore 189767, for a period of three months from the date of this announcement.

Cautionary statement

Shareholders and potential investors are advised to exercise caution when dealing or trading in the shares of the Company. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, or other professional advisers if they have any doubt about the actions they should take.

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

Mr Ngoo Lin Fong
Executive Director
22 September 2022