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CHINA LEON INSPECTION HOLDING LIMITED

中国力鸿检验控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1586)

LATEST BUSINESS UPDATE
EMBARK ON INTELLIGENT ENVIRONMENTAL PROTECTION AND
FOCUS ON LDAR SERVICE

This announcement was made by China Leon Inspection Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to inform the shareholders of the Company and potential investors of the latest business development of the Group.

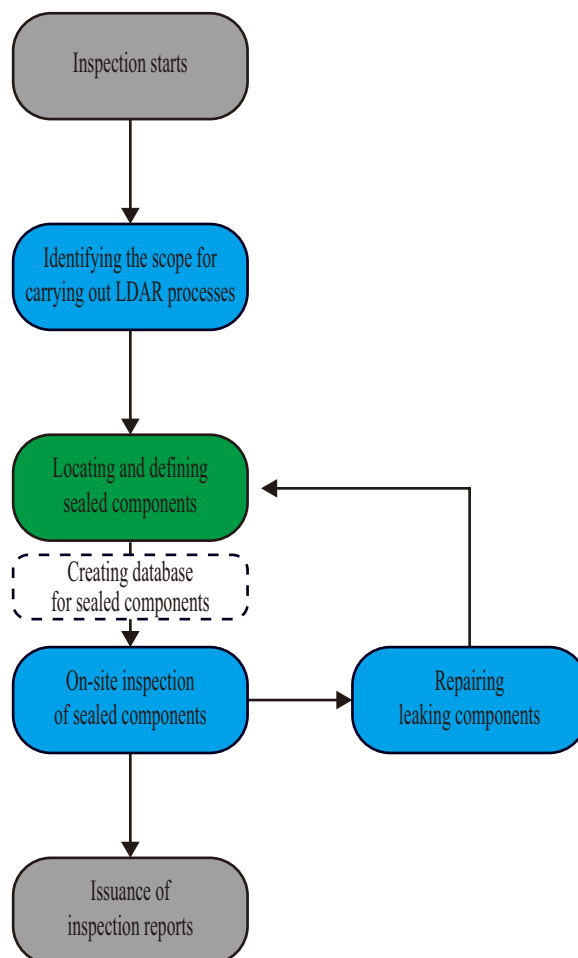
The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that Leon (Shenzhen) Environmental Inspection Limited* (力鴻(深圳)環境檢測有限公司) (“**Leon (Shenzhen)**”), a subsidiary of the Company, has formally launched its one-stop Leak Detection and Repair (the “**LDAR**”) service, which marks the further enhancement of the Group’s service capabilities in environmental protection business.

The Board is of the view that LDAR business has great synergy with the Group’s existing businesses, and it can directly provide more comprehensive one-stop services to our existing strategic customers, enhance our environmental protection service capabilities, and strengthen the key competitiveness and market position of the Company. We will maximize business synergies across the Group by seizing market opportunities, and fully leveraging our branding, technological and platform advantages as well as our reputation and strong customer relationship. In turn, we will be able to swiftly capture market share from our existing market network and expand the Group’s influence in this field. With our enhanced service scope, we can better support our customers to boost their environmental protection capability and fulfilling their social responsibility, which will ensure the long term sustainable growth for the Group and its customers. With the launch of the new business, we will accelerate the integration of technological development, resource management, market expansion and other areas, and fully capitalize on our leading advantages, so as to facilitate the growth of our new business.

TARGET CUSTOMERS AND BUSINESS MODEL OF THE LDAR BUSINESS

The LDAR business serves customers in numerous industries including crude oil processing and petroleum products manufacturing, organic chemical raw material manufacturing, pharmaceutical manufacturing, manufacturing of synthetic materials, plastics in primary forms and synthetic resins, synthetic rubber manufacturing, synthetic fiber monomer (polymer) manufacturing, coal, etc.. LDAR technology involves the deployment of fixed or mobile detecting equipment specialized for monitoring organic gases from reactors, raw material transport pipelines, pumps, compressors, valves, flanges and other primary sources of emissions of volatile organic compounds (VOCs) in chemical engineering facilities to detect leaks, and repairs leaking components whenever the concentration exceeds the pre-set threshold, so as to mitigate the level of environmental pollution caused by leaked substances. LDAR technology is essential to control equipment leaks of VOC emissions. VOCs are a class of toxic and hazardous compounds commonly found in the atmosphere, and are one of the major precursors of PM2.5. As VOCs pose health risks to the public, there is an urgent need to reduce VOC emissions. In 2021, Shanghai, Jiangsu, Zhejiang and Anhui jointly issued the “Emission Control Technology Specifications for Equipment Leaks of Volatile Organic Compounds in the Yangtze Delta Region”* (《長江三角洲區域設備洩漏揮發性有機物排放控制技術規範》) (DB (31-34)/T310007-2021), which greatly facilitated the standardization of LDAR inspection measures, and accelerated the implementation of VOC reduction programs. The Group has successfully acquired an LDAR technical team with over ten years of industry experience as well as numerous major projects experience to ensure the provision of quality services.

The following chart illustrates the LDAR inspection process:



Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
China Leon Inspection Holding Limited
Yang Rongbing
Executive Director

Beijing, PRC, 22 November 2021

As at the date of this announcement, the Board of the Company comprises eight Directors, namely Mr. Li Xiangli, Ms. Zhang Aiyong, Mr. Liu Yi and Mr. Yang Rongbing as executive Directors; Mr. Wang Gang as non-executive Director; and Mr. Wang Zichen, Mr. Zhao Hong and Mr. Liu Hoi Keung as independent non-executive Directors.

* *for identification purpose only*