SANLI ENVIRONMENTAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 201705316M)

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

This announcement has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Mr David Yeong (Tel: 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

Background

Sanli Environmental Limited (the "Company"), together with its subsidiaries (the "Group"), was listed on the Catalist Board of the SGX-ST on 8 June 2017, pursuant to an initial public offering (the "IPO") exercise. The Group is an environmental engineering company in the field of water and waste management. Its expertise is in the design, supply, delivery, installation, commissioning, maintenance, repair and overhaul of mechanical and electrical equipment as well as process, instrumentation and control systems in wastewater treatment plants, water reclamation plants, NEWater plants, waterworks, service reservoirs, pumping stations and incineration plants.

The Company was incorporated in Singapore on 27 February 2017 under the Singapore Companies Act as a private company limited by shares, under the name "Sanli Environmental Pte. Ltd.". The Company was incorporated pursuant to the restructuring exercise (the "Restructuring Exercise") as disclosed in the Company's offer document dated 30 May 2017 (the "Offer Document"). The Company was converted into a public limited company on 9 May 2017 and its name was changed to "Sanli Environmental Limited". Please refer to the Offer Document for further details on the Restructuring Exercise.

PART I: INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

1(a)(i) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Increase/
	FY2020	FY2019	(Decrease)
	S$'000	S$'000	%
Revenue	**67,061**	71,350	(6.0)
Cost of contract works	**(59,652)**	(61,589)	(3.1)
Gross profit	**7,409**	9,761	(24.1)
Other income	**384**	375	2.4
Administrative expenses	**(5,840)**	(6,131)	(4.7)
Other operating expenses	**(1,151)**	(1,081)	6.5
Finance costs	**(141)**	(97)	45.4
Profit before tax	**661**	2,827	(76.6)
Income tax	**(239)**	(645)	(62.9)
Profit for the year	**422**	2,182	(80.7)
Other comprehensive income (loss)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign foreign operations	**27**	(12)	N.M.
Total comprehensive income for the year	**449**	2,170	(79.3)
Profit for the year attributable to:			
Owners of the Company	**315**	2,220	(85.8)
Non-controlling interests	**107**	(38)	N.M.
	422	2,182	(80.7)
Total comprehensive income for the year attributable to:			
Owners of the Company	**330**	2,211	(85.1)
Non-controlling interests	**119**	(41)	N.M.
	449	2,170	(79.3)

1(a)(ii) Notes to the statement of comprehensive income

	Group		Increase/
	FY2020	FY2019	(Decrease)
	S$'000	S$'000	%
Profit for the year has been arrived at after crediting/(charging):			
Depreciation of property, plant and equipment	**(992)**	(1,077)	(7.9)
Depreciation of right-of-use assets	**(182)**	-	N.M.
Net gain/(loss) on foreign exchange	**23**	(4)	N.M.
Net gain/(loss) on disposal of property, plant and equipment	**9**	(42)	N.M.
Loss on disposal of financial assets at fair value through profit or loss	**(17)**	-	N.M.
Interest income	**99**	70	41.4
Interest expense	**(141)**	(97)	45.4

N.M. : Not meaningful

1(b)(i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 31 Mar 2020 S$'000	As at 31 Mar 2019 S$'000	**As at 31 Mar 2020 S$'000**	As at 31 Mar 2019 S$'000
ASSETS				
Current assets				
Cash and cash equivalents	**18,172**	8,829	**38**	31
Trade and other receivables	**11,458**	16,282	**637**	312
Contract assets	**9,966**	15,435	**-**	-
Financial assets at fair value through profit or loss	**-**	267	**-**	-
Total current assets	**39,596**	40,813	**675**	343
Non-current assets				
Property, plant and equipment	**9,245**	11,157	**-**	-
Right-of-use assets	**2,135**	-	**-**	-
Investment in subsidiaries	**-**	-	**21,755**	21,755
Total non-current assets	**11,380**	11,157	**21,755**	21,755
Total assets	**50,976**	51,970	**22,430**	22,098
LIABILITIES AND EQUITY				
Current liabilities				
Borrowings	**271**	271	**-**	-
Trade and other payables	**17,382**	21,622	**176**	165
Contract liabilities	**3,133**	260	**-**	-
Finance leases	**-**	68	**-**	-
Lease liabilities	**147**	-	**-**	-
Income tax payable	**109**	504	**-**	17
Total current liabilities	**21,042**	22,725	**176**	182
Non-current liabilities				
Borrowings	**2,069**	2,340	**-**	-
Finance leases	**-**	76	**-**	-
Lease liabilities	**1,145**	-	**-**	-
Deferred tax liabilities	**251**	176	-	-
Total non-current liabilities	**3,465**	2,592	**-**	-
Capital and reserves				
Share capital	**21,297**	21,297	**21,297**	21,297
Capital reserves	**521**	482	**-**	-
Merger reserves	**(6,755)**	(6,755)	**-**	-
Translation reserves	**(16)**	(31)	**-**	-
Retained earnings	**11,305**	11,662	**957**	619
Equity attributable to owners of the Company	**26,352**	26,655	**22,254**	21,916
Non-controlling interests	**117**	(2)	**-**	-
Total equity	**26,469**	26,653	**22,254**	21,916
Total liabilities and equity	**50,976**	51,970	**22,430**	22,098

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	Group			
	As at		As at	
	31 Mar 2020		31 Mar 2019	
	S$'000		S$'000	
	Secured	**Unsecured**	Secured	Unsecured
Amount repayable in one year or less, or on demand	**330**	**-**	339	-
Amount repayable after one year	**2,087**	**-**	2,416	-
Total borrowings and debt securities	**2,417**	**-**	2,755	-

Details of collateral:

i. Bank borrowings of S$2,340,000 (31 March 2019: S$2,611,000) are secured by a first legal charge over certain right-of-use assets and property, plant and equipment of the Group and corporate guarantee from the Company.

ii. Lease liabilities of S$77,000 (31 March 2019: Finance leases of S$144,000) are secured by charges over the leased motor vehicles.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	FY2020	FY2019
	S$'000	S$'000
Operating activities		
Profit before tax	**661**	2,827
Adjustments for:		
Depreciation of property, plant and equipment	**992**	1,077
Depreciation of right-of-use assets	**182**	-
(Gain)/loss on disposal of property, plant and equipment	**(9)**	42
Loss on disposal of financial assets at fair value through profit or loss	**17**	-
Share based payments expenses	**39**	250
Finance costs	**141**	97
Interest income	**(99)**	(70)
Exchange differences	**11**	(10)
Operating cash flow before movements in working capital	**1,935**	4,213
Trade and other receivables	**4,824**	(596)
Trade and other payables	**(4,240)**	1,802
Contract assets	**5,469**	(1,958)
Contract liabilities	**2,873**	(190)
Cash generated from operations	**10,861**	3,271
Income tax paid	**(548)**	(925)
Net cash from operating activities	**10,313**	2,346
Investing activities		
Purchase of property, plant and equipment	**(245)**	(1,888)
Proceeds from disposal of property, plant and equipment	**147**	110
Proceeds from disposal of financial assets at fair value through profit or loss	**250**	-
Interest received	**99**	70
Net cash from/(used in) investing activities	**251**	(1,708)
Financing activities		
Dividends paid to owners of the Company	**(672)**	(672)
Repayment of borrowings	**(271)**	(271)
Repayment of finance lease obligations	**-**	(123)
Repayment of lease liabilities	**(137)**	
Interest paid	**(141)**	(97)
Net cash used in financing activities	**(1,221)**	(1,163)
Net increase/(decrease) in cash and cash equivalents	**9,343**	(525)
Cash and cash equivalents at beginning of financial year	**8,829**	9,354
Cash and cash equivalents at end of financial year	**18,172**	8,829

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	**Share capital**	**Merger reserves**	**Capital reserves**	**Translation reserves**	**Retained earnings**	**Equity attributable to owners of the Company**	**Non-controlling interests**	**Total**
	S$'000	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Balance as at 1 Apr 2018	21,297	(6,755)	232	(22)	10,114	24,866	39	24,905
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	2,220	2,220	(38)	2,182
Other comprehensive loss for the year	-	-	-	(9)	-	(9)	(3)	(12)
Total	-	-	-	(9)	2,220	2,211	(41)	2,170
Transactions with owners, recognised directly in equity:								
Recognition of share based payments	-	-	250	-	-	250	-	250
Dividends paid to owners of the Company	-	-	-	-	(672)	(672)	-	(672)
Total	-	-	250	-	(672)	(422)	-	(422)
Balance as at 31 Mar 2019	**21,297**	**(6,755)**	**482**	**(31)**	**11,662**	**26,655**	**(2)**	**26,653**
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	315	315	107	422
Other comprehensive income for the year	-	-	-	15	-	15	12	27
Total	-	-	-	15	315	330	119	449
Transactions with owners, recognised directly in equity:								
Recognition of share based payments	-	-	39	-	-	39	-	39
Dividends paid to owners of the Company	-	-	-	-	(672)	(672)	-	(672)
Total	-	-	39	-	(672)	(633)	-	(633)
Balance as at 31 Mar 2020	**21,297**	**(6,755)**	**521**	**(16)**	**11,305**	**26,352**	**117**	**26,469**

Company

	Share capital S$'000	Retained earnings S$'000	Total S$'000
Balance as at 1 Apr 2018	21,297	1,283	22,580
Total comprehensive income for the year:			
Profit for the year	-	8	8
Transactions with owners, recognised directly in equity :			
Dividends paid to owners of the Company	-	(672)	(672)
Balance as at 31 Mar 2019	**21,297**	**619**	**21,916**
Total comprehensive income for the year:			
Profit for the year	-	1,010	1,010
Transactions with owners, recognised directly in equity :			
Dividends paid to owners of the Company	-	(672)	(672)
Balance as at 31 Mar 2020	**21,297**	**957**	**22,254**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There has been no change in the issued and paid-up share capital of the Company since the end of the previous period reported on, being 30 September 2019.

There are no outstanding convertibles, treasury shares or subsidiary holdings as at 31 March 2020 and 31 March 2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued ordinary shares (excluding treasury shares) as at 31 March 2020 was 268,657,813 (31 March 2019: 268,657,813).

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company does not have any treasury shares.

1(d)(v) A statement showing all sales, transfers, disposals, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company does not have any subsidiary holdings.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: —

(a) Updates on the efforts taken to resolve each outstanding audit issue.

The Group's latest audited financial statements for the financial year ended 31 March 2019 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group and the Company had consistently applied the same accounting policies and methods of computation for the current financial year compared to the most recently audited annual financial statements, except as explained in paragraph 5 below.

5. If there are any changes in the accounting policies and methods of computation including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

The Group has applied SFRS(I) 16 *Leases* that is effective for annual periods beginning on or after 1 January 2019. The Group has applied the modified retrospective approach with no restatement of comparative information. The cumulative effect of applying SFRS(I) 16 is recognised as an adjustment to the right-of-use assets at an amount equal to the corresponding lease liabilities adjusted for any previously recognised prepaid or accrued lease payment as at 1 April 2019. Straight-line operating lease expenses are replaced with depreciation of right-of-use assets and finance costs on lease liabilities in the statement of profit or loss and other comprehensive income.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

	Group	
	FY2020	FY2019
Profit attributable to owners of the Company (S$'000)	**315**	2,220
Weighted average number of ordinary shares	**268,657,813**	268,657,813
Earnings per share (basic and diluted) (cents)	**0.12**	0.83

The basic and diluted earnings per share are the same as there were no potentially dilutive ordinary shares in issue as at 31 March 2020 and 31 March 2019.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	As at 31 Mar 2020	As at 31 Mar 2019	**As at 31 Mar 2020**	As at 31 Mar 2019
Net asset value per share (cents)	**9.81**	9.92	**8.28**	8.16
Net asset value (S$'000)	**26,352**	26,655	**22,254**	21,916
Number of ordinary shares used	**268,657,813**	268,657,813	**268,657,813**	268,657,813

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF GROUP'S PERFORMANCE

The Group registered revenue of S$67.1 million for FY2020, a decrease of S$4.3 million, or 6.0%, from the S$71.4 million recorded for FY2019.

The decline in the Group's turnover was mainly attributed to a decrease in contribution from the Engineering, Procurement and Construction segment of S$3.9 million, or 6.7%, as a result of a delay in execution of a few major projects. Revenue from the Operations and Maintenance segment decreased by S$0.4 million, or 3.0%, due to heightened competition and the general slowdown in the economy.

Cost of contract works decreased by S$1.9 million, or 3.1%, from S$61.6 million in FY2019 to S$59.7 million in FY2020, in tandem with the decrease in revenue.

Gross profit decreased by S$2.4 million, or 24.1%, from S$9.8 million in FY2019 to S$7.4 million in FY2020, mainly due to the decrease in gross profit of S$2.8 million from the Engineering, Procurement and Construction segment, in line with the decrease in revenue. This was offset by an increase in gross profit of S$0.4 million from the Operations and Maintenance segment.

Gross profit margin decreased by 2.7 percentage points from 13.7% in FY2019 to 11.0% in FY2020, mainly due to the decrease in gross profit margin from the Engineering, Procurement and Construction segment, partially offset by an increase in gross profit margin from the Operations and Maintenance segment.

Administrative expenses decreased by S$0.3 million, or 4.7%, from S$6.1 million in FY2019 to S$5.8 million in FY2020, in line with the decrease in group turnover.

Finance costs increased by S$0.04 million, or 45.4%, from S$0.10 million in FY2019 to S$0.14 million in FY2020, mainly due to additional finance costs arising from the lease liabilities.

As a result of the above, profit before tax for the Group decreased by 76.6%, from S$2.8 million in FY2019 to S$0.7 million in FY2020.

REVIEW OF GROUP'S FINANCIAL POSITION

Current assets decreased by 3.0% from S$40.8 million as at 31 March 2019 to S$39.6 million as at 31 March 2020, mainly due to a decrease in trade and other receivables and contract assets, which was partially offset by an increase in cash and cash equivalents.

Trade and other receivables decreased by 29.6% from S$16.3 million as at 31 March 2019 to S$11.5 million as at 31 March 2020, mainly due to lower billings towards the end of FY2020 as a result of delay in execution of a few major projects.

Contract assets decreased by 35.4% from S$15.4 million as at 31 March 2019 to S$10.0 million as at 31 March 2020, mainly due to decrease in work done for certain major projects towards the end of FY2020.

Financial assets at fair value through profit or loss was disposed during the financial year ended 31 March 2020.

Non-current assets increased by 2.0% from S$11.2 million as at 31 March 2019 to S$11.4 million as at 31 March 2020, mainly due to the increase in the right-of-use assets of S$2.1 million arising from the adoption of SFRS(I) 16 *Leases*, partially offset by the decrease in property, plant and equipment of S$1.9 million.

Current liabilities decreased by 7.4% from S$22.7 million as at 31 March 2019 to S$21.0 million as at 31 March 2020, mainly due to a decrease in trade and other payables of S$4.2 million and income tax payable of S$0.4 million, partially offset by an increase in contract liabilities of S$2.9 million.

Non-current liabilities increased by 33.7% from S$2.6 million as at 31 March 2019 to S$3.5 million as at 31 March 2020, arising from the recognition of lease liabilities of S$1.1 million following the adoption of SFRS(I) 16 *Leases,* which was partially offset by repayments of borrowings and lease liabilities during the financial year.

REVIEW OF GROUP'S CASH FLOWS

Net cash from operating activities amounted to S$10.3 million due to operating cash flow before movements in working capital of S$1.9 million, adjusted for net cash inflow from working capital changes of S$8.9 million and income tax paid of S$0.5 million.

Net cash inflow from working capital of S$8.9 million was a result of (a) decrease in trade and other receivables of S$4.8 million due to prompt collections; (b) decrease in contract assets of S$5.4 million due to the number of projects executed during the year; and (c) increase in contract liabilities of S$2.9 million as a result of advance billings, offset by a decrease in trade and other payables of S$4.2 million due to prompt payments to suppliers.

Net cash inflow from investing activities amounted to S$0.3 million, mainly due to the receipt of proceeds from the disposal of financial assets at fair value through profit or loss.

Net cash outflow used in financing activities amounted to S$1.2 million, mainly due to the dividend payment of S$0.7 million, repayment of borrowings and lease liabilities of S$0.4 million, and interest payment of S$0.1 million.

As a result of the above, overall cash and cash equivalents increased by S$9.3 million to S$18.2 million in FY2020.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement was previously made to shareholders.

10. A commentary at the date of the announcement of the significant trends and 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.

The Covid-19 pandemic has had a pervasive impact across many sectors, including the water and waste management industry in which the Group operates.

The pandemic's disruptions to the Group's operations include:

- A temporary interruption in the supply chain in the last quarter of the financial year ended 31 March 2020, due to delayed shipments of raw materials from China following the country's implementation of pandemic-containment safety measures;
- A halt in Singapore operations for the Engineering, Procurement, and Construction segment, following the enforcement of Circuit Breaker lockdown measures starting in April 2020, though the Group has been able to continue activities for the Operations and Maintenance segment during the Circuit Breaker period as these are considered essential services as designated by the Singapore government; and

- Disruption in manpower due to pandemic's effect on the foreign worker community in Singapore, and the subsequent counter- measures put in place by the Singapore government, which include movement restrictions and quarantine measures.

The Group's supply chain has since been restored and we have been able to progressively resume our operations. We will continue to manage our manpower such that we are able to successfully execute our projects while ensuring safety and health of our staff. Overall, we expect the Covid-19 pandemic to impact the Group's financial performance for the upcoming financial year ending 31 March 2021, though we are unable to fully ascertain the full impact at this point. We will continue to assess the impact of the pandemic on the Group and update shareholders as and where there are material developments.

Looking ahead, we believe that ensuring sustainable water supply for Singapore will continue to be an ongoing and important focus of the government. With large-scale projects such as the Deep Tunnel Sewerage System ("DTSS") continuing to be a priority, we expect the public sector water and waste management industry to remain a stable source of business opportunities for the Group. The Group recently secured a sub-contract through its wholly-owned subsidiary, Sanli M&E Engineering Pte. Ltd., for the Mechanical, Electrical and Instrumentation Control and Automation portion of the Tuas Water Reclamation Plant Contract 4A – Biosolids and Digesters, which is a component of the DTSS Phase 2 project. While competition within our sector will continue to be stiff, the Group is encouraged by this recently secured sub-contract and is optimistic that its established track record and expertise in this field will allow it to continue securing more projects.

Moving forward, the Group retains a cautiously optimistic outlook on its operations. In line with the Group's renewed leadership as announced on SGXNet on 21 April 2020, the Group will focus on strengthening the abilities of its team, as well as driving innovation through technology, with the aim of enhancing the Group's capabilities to take on larger projects.

11. Dividend:

(a) Any dividend declared for the current financial period reported on?

Name of Dividend	Final
Dividend Type	Exempt (1-tier) dividend
Dividend Rate	0.06 Singapore cent per ordinary share
Tax Rate	Nil

The full year dividend payout for FY2020 would constitute 51.2% of net profit after tax attributable to owners of the Company in FY2020.

(b) Corresponding period of the immediately preceding financial year?

Name of Dividend	Final
Dividend Type	Exempt (1-tier) dividend
Dividend Rate	0.25 Singapore cent per ordinary share
Tax Rate	Nil

(c) Date payable

To be advised at a later date.

(d) Book closure date

To be advised at a later date.

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a shareholders' mandate for interested person transactions. There were no interested person transactions of S$100,000 or more for the year under review.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company has procured signed undertakings from all its directors and executive officers as set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

15. Updates on use of IPO proceeds

Group	Amount allocated	Amount utilised	Balance of net proceeds as at the date of this announcement
	S$ million	S$ million	S$ million
Working capital to expand business operations through securing more projects and projects of a larger scale	5.74	-	5.74
Expansion of business premises	2.92	2.92	-
Expansion of business development department	1.06	1.06	-
Net proceeds from IPO	**9.72**	**3.98**	**5.74**

PART II INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

For management purposes, the Group is organised into two main operating segments:
(1) Engineering, Procurement and Construction ("EPC")
(2) Operations and Maintenance ("O&M")

The EPC segment provides engineering, procurement and construction services within the field of water and waste management.

The O&M segment provides corrective and preventive maintenance services to ensure reliability and minimal disruptions to customers' operations.

Segment revenue and results

	Group		
	FY2020	FY2019	Increase/ (Decrease)
	S$'000	S$'000	%
Revenue - EPC	**53,935**	57,824	(6.7)
Revenue - O&M	**13,126**	13,526	(3.0)
Total revenue	**67,061**	71,350	(6.0)
Gross Profit - EPC	**4,406**	7,225	(39.0)
Gross Profit - O&M	**3,003**	2,536	18.4
Gross Profit	**7,409**	9,761	(24.1)
Unallocated corporate expenses	**(5,532)**	(5,830)	(5.1)
Depreciation	**(1,174)**	(1,077)	9.0
Interest income	**99**	70	41.4
Finance costs	**(141)**	(97)	45.4
Profit before tax	**661**	2,827	(76.6)
Income tax	**(239)**	(645)	(62.9)
Profit for the year	**422**	2,182	(80.7)

Geographical segments

The Group's activities are located primarily in Singapore and the revenue contribution for Myanmar expansion is not significant as compared to the Group's revenue. The geographical locations of the Group's customers and assets are primarily in Singapore. Accordingly, there are no geographical segments presented.

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments

Of the Group's total revenue for FY2020, the EPC segment made up 80.4% while the O&M segment contributed the remaining 19.6%.

Revenue from EPC business segment decreased by S$3.9 million, or 6.7%, from S$57.8 million in FY2019 to S$53.9 million in FY2020, mainly due to a delay in execution of a few major projects following disruptions to the Group's supply chain as a result of the Covid-19 pandemic.

Revenue from O&M business segment decreased by S$0.4 million, or 3.0%, from S$13.5 million in FY2019 to S$13.1 million in FY2020, due to the general slowdown in the economy as well as heightened competition within the industry.

18. A breakdown of sales as follows:

	Group		
	FY2020 S$'000	FY2019 S$'000	Increase/ (Decrease) %
Sales reported for first half year	**27,026**	34,728	(22.2)
Operating profit after tax before deducting non-controlling interests reported for first half year	**219**	1,749	(87.5)
Sales reported for second half year	**40,035**	36,622	9.3
Operating profit after tax before deducting non-controlling interests reported for second half year	**203**	433	(53.1)

19. A breakdown of the total annual dividend (in dollar value) for issuer's latest full year and its previous full year as follows:

Total Annual Dividend	Group	
	FY2020 S$'000	FY2019 S$'000
Ordinary	**161**	672
Preference	**-**	-
Total	**161**	672

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Nil.

On behalf of the Board of Directors

Chua Teck Huat
Chief Executive Officer
28 July 2020