SANLI ENVIRONMENTAL LIMITED

MEDIA RELEASE

For Immediate Release

Sanli posts full-year revenue of S$67M

- ***Proposes final dividend of 0.06 Singapore cent per ordinary share***

Financial year ended 31 March	FY2020 (S$'000)	FY2019 (S$'000)	Change (%)
Revenue	**67,061**	71,350	(6.0)
Gross profit	**7,409**	9,761	(24.1)
Profit before tax	**661**	2,827	(76.6)
Profit after tax	**422**	2,182	(80.7)
Net profit attributable to shareholders	**315**	2,220	(85.8)

SINGAPORE, 28 July 2020 – Sanli Environmental Limited ("**Sanli**" and together with its subsidiaries, the "**Group**"), one of Singapore's leading environmental engineering companies, today reported net profit attributable to shareholders of S$315,000 for the full financial year ended 31 March 2020 ("**FY2020**").

Overall, Group revenue fell by 6.0% to S$67.1 million in FY2020 due to lower contributions from both Engineering, Procurement and Construction ("**EPC**") and Operations and Maintenance ("**O&M**") segments. Revenue for the EPC segment, which is the Group's largest revenue contributor, dropped by 6.7%, from S$57.8 million to S$53.9 million, 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 the O&M segment dipped slightly by 3.0%, from S$13.5 million to S$13.1 million, mainly due to general slowdown in the economy as well as heightened competition within the industry.

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 EPC segment, in line with the decrease in revenue. This was offset by an increase in gross profit of S$0.4 million from the O&M segment. Consequently, gross profit margin narrowed from 13.7% in FY2019 to 11.0% in FY2020.

With the decrease in profit, the Group's earnings per share dipped from 0.83 Singapore cents for FY2019 to 0.12 Singapore cents for FY2020.

Mr Chua Teck Huat, Chief Executive Officer of Sanli said, "*We are encouraged that we managed to remain steady despite the challenging operating environment in which we saw heightened competition and a general slowdown in the economy due to the Covid-19 pandemic. Additionally, we also declared a final dividend as despite these challenging times, we were able to remain profitable, and thus believe it is important to reward shareholders for their continued confidence in us. Moving forward, we will take on an innovative approach towards water and waste management by bolstering our staff capabilities as well as investing in technology, and we are cautiously optimistic that this renewed focus will help to further strengthen our position within the industry in the coming year.*"

Financial Position

The Group's financial position remained healthy, with a net asset value of S$26.4 million as at 31 March 2020. This translates into a net asset value per share of 9.81 Singapore cents. Cash and cash equivalents rose from S$8.8 million to S$18.2 million as at 31 March 2020 mainly due to the higher collections during the year.

Dividend

The Board of Directors is proposing a final dividend of 0.06 Singapore cent per ordinary share for FY2020, subject to shareholders' approval at the upcoming annual general meeting. This represents a dividend payout of 51.2% of the net profit attributable to shareholders.

-- End --

This press release is to be read in conjunction with the Company's announcement posted on the SGX website on 28 July 2020.

About Sanli Environmental Limited

Sanli is an environmental engineering company in the field of water and waste management.

The Group's 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 Group has two main business segments: **Engineering, Procurement and Construction** ("**EPC**") and **Operations and Maintenance** ("**O&M**"). Under its EPC segment, Sanli provides services within the field of water and waste management, including process upgrading of existing water treatment plants, upgrading of pumping station capacities, replacement of aged equipment, and design and build of various treatment process systems. Through its O&M segment, the Group provides corrective and preventive maintenance services to ensure reliability and minimal disruptions to customers' operations.

For more information, please visit the company website at www.sanli.com.sg.

Issued on behalf of **Sanli Environmental Limited** by:

Waterbrooks Consultants Pte Ltd
Tel: +65 6958 8002
Grace Choong grace@waterbrooks.com.sg
Sarah Sim sarah@waterbrooks.com.sg

*This media release has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**").*

This media release 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 (Telephone: +65 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.