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 2021

This announcement has been prepared by Sanli Environmental Limited (the "Company") and its contents have 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.

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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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group 6 Months			Group 12 Months		
	1 Oct 2020 to 31 Mar 2021	1 Oct 2019 to 31 Mar 2020	+/(-)	1 Apr 2020 31 Mar 2021	1 Apr 2019 to 31 Mar 2020	+/(-)
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	34,660	40,035	(13.4)	60,481	67,061	(9.8)
Cost of contract works	(32,257)	(36,169)	(10.8)	(56,085)	(59,652)	(6.0)
Gross profit	2,403	3,866	(37.8)	4,396	7,409	(40.7)
Other income	1,781	255	>100	3,552	384	>100
Administrative expenses	(2,998)	(3,175)	(5.6)	(5,823)	(5,840)	(0.3)
Other operating expenses	(874)	(564)	55.0	(1,474)	(1,151)	28.1
Finance costs	(46)	(75)	(38.7)	(97)	(141)	(31.2)
Profit before tax	266	307	(13.4)	554	661	(16.2)
Income tax	96	(104)	N.M.	(26)	(239)	(89.1)
Profit for the period/year	362	203	78.3	528	422	25.1
Other comprehensive (loss)/income, net of tax:						
Exchange differences on translation of foreign operations	(61)	29	N.M.	(53)	27	N.M.
Total comprehensive income for the period/year	301	232	29.7	475	449	5.8
Profit/(Loss)for the period/year attributable to:						
Owner of the Company	192	242	(20.7)	331	315	5.1
Non-Controlling Interests	170	(39)	N.M.	197	107	84.1
	362	203	78.3	528	422	25.1
Total comprehensive income for the period/year attributable to:						
Owner of the Company	153	259	(40.9)	297	330	(10.0)
Non-controlling interests	148	(27)	N.M.	178	119	49.6
	301	232	29.7	475	449	5.8

N.M.: Not Meaningful

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

Profit for the period/year is arrived at after crediting/(charging) the following:

	Group 6 Months			Group 12 Months		
	1 Oct 2020 to 31 Mar 2021	1 Oct 2019 to 31 Mar 2020	+/(-)	1 Apr 2020 to 31 Mar 2021	1 Apr 2019 to 31 Mar 2020	+/(-)
	S$'000	S$'000	%	S$'000	S$'000	%
Government grant income	1,412	102	>100	3,118	210	>100
Depreciation of property, plant and equipment	(503)	(432)	16.4	(975)	(992)	(1.7)
Depreciation of right-of-use assets	(311)	(139)	>100	(419)	(182)	>100
Net (loss)/gain on foreign exchange	(61)	7	N.M.	(81)	23	N.M.
Gain on disposal of property, plant and equipment	-	9	N.M.	4	9	(55.6)
Gain on disposal of right-of-use assets	255	-	N.M.	255	-	N.M.
Loss on disposal of financial assets at fair value through profit or loss	-	(17)	N.M.	-	(17)	N.M.
Interest income	83	78	6.4	108	99	9.1
Interest expense	(46)	(75)	(38.7)	(97)	(141)	(31.2)

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 2021	As at 31 Mar 2020	As at 31 Mar 2021	As at 31 Mar 2020
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Current assets				
Cash and cash equivalents	19,070	18,172	34	38
Trade and other receivables	9,382	11,458	508	637
Contract assets	12,515	9,966	-	-
Total current assets	40,967	39,596	542	675
Non-current assets				
Property, plant and equipment	8,903	9,245	-	-
Right-of-use assets	1,580	2,135	-	-
Investment in subsidiaries	-	-	21,755	21,755
Deferred tax assets	27	-	-	-
Total non-current assets	10,510	11,380	21,755	21,755
Total assets	51,477	50,976	22,297	22,430
LIABILITIES AND EQUITY				
Current liabilities				
Borrowings	228	271	-	-
Trade and other payables	15,357	17,382	206	176
Contract liabilities	5,793	3,133	-	-
Lease liabilities	393	147	-	-
Income tax payable	209	109	-	-
Total current liabilities	21,980	21,042	206	176
Non-current liabilities				
Borrowings	1,539	2,069	-	-
Lease liabilities	1,172	1,145	-	-
Deferred tax liabilities	3	251	-	-
Total non-current liabilities	2,714	3,465	-	-
Capital, reserves and non-controlling interests				
Share capital	21,297	21,297	21,297	21,297
Translation reserves	(50)	(16)	-	-
Merger reserves	(6,755)	(6,755)	-	-
Capital reserves	521	521	-	-
Retained earnings	11,475	11,305	794	957
Equity attributable to owners of the Company	26,488	26,352	22,091	22,254
Non-controlling interests	295	117	-	-
Total equity	26,783	26,469	22,091	22,254
Total liabilities and equity	51,477	50,976	22,297	22,430

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 31 Mar 2021		As at 31 Mar 2020	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Amount repayable in one year or less, or on demand				
Borrowings	228	-	271	-
Lease liabilities	11	382	59	88
Amount repayable after one year				
Borrowings	1,539	-	2,069	-
Lease liabilities	6	1,166	18	1,127
Total	1,784	1,548	2,417	1,215

Details of collateral:

i. Bank borrowings of S$1,767,000 (31 March 2020: S$2,340,000) 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$17,000 (31 March 2020: S$77,000) 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	
	FY2021	**FY2020**
	S$'000	**S$'000**
Cash flows from operating activities		
Profit before tax	554	661
Adjustments for:		
Depreciation of property, plant and equipment	975	992
Depreciation of right-of-use assets	419	182
Gain on disposal of property, plant and equipment	(4)	(9)
Gain on disposal of right-of-use assets	(255)	-
Loss on disposal of financial assets at fair value through profit or loss	-	17
Share-based payment expenses	-	39
Finance costs	97	141
Interest income	(108)	(99)
Exchange differences	(45)	11
Operating cash flow before movements in working capital	**1,633**	**1,935**
Trade and other receivables	1,996	4,824
Trade and other payables	(1,939)	(4,240)
Contract assets	(2,591)	5,469
Contract liabilities	2,683	2,873
Cash generated from operations	**1,782**	**10,861**
Income tax paid	(190)	(548)
Net cash generated from operating activities	**1,592**	**10,313**
Cash flows from investing activities		
Purchases of property, plant and equipment	(376)	(245)
Proceeds from disposal of property, plant and equipment	17	147
Proceeds from disposal of right-of-use assets	804	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	250
Interest received	108	99
Net cash generated from investing activities	**553**	**251**
Cash flows from financing activities		
Dividends paid to owners of the Company	(161)	(672)
Repayment of borrowings	(573)	(271)
Repayment of lease liabilities	(416)	(137)
Interest paid	(97)	(141)
Net cash used in financing activities	**(1,247)**	**(1,221)**
Net increase in cash and cash equivalents	898	9,343
Cash and cash equivalents at beginning of the financial year	18,172	8,829
Cash and cash equivalents at end of the financial year	**19,070**	**18,172**

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 equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance as at 1 April 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 March 2020	**21,297**	**(6,755)**	**521**	**(16)**	**11,305**	**26,352**	**117**	**26,469**

Group	Share capital	Merger reserves	Capital reserves	Translation reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance as at 1 April 2020	**21,297**	**(6,755)**	**521**	**(16)**	**11,305**	**26,352**	**117**	**26,469**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	331	331	197	528
Other comprehensive loss for the year	-	-	-	(34)	-	(34)	(19)	(53)
Total	-	-	-	(34)	331	297	178	475
Transaction with owners, recognised directly in equity:								
Dividends paid to owners of the Company	-	-	-	-	(161)	(161)	-	(161)
Balance as at 31 March 2021	**21,297**	**(6,755)**	**521**	**(50)**	**11,475**	**26,488**	**295**	**26,783**

Company	Share capital	Retained earnings	Total
	S$'000	S$'000	S$'000
Balance as at 1 April 2019	**21,297**	**619**	**21,916**
Total comprehensive income for the year:			
Profit for the year	-	1,010	1,010
Transaction with owners, recognised directly in equity:			
Dividends paid to owners of the Company	-	(672)	(672)
Balance as at 31 March 2020	**21,297**	**957**	**22,254**
Total comprehensive loss for the year:			
Loss for the year	-	(2)	(2)
Transaction with owners, recognised directly in equity:			
Dividends paid to owners of the Company	-	(161)	(161)
Balance as at 31 March 2021	**21,297**	**794**	**22,091**

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 2020.

There are no outstanding convertibles, treasury shares or subsidiary holdings as at 31 March 2021 and 31 March 2020.

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 2021 was 268,657,813 (31 March 2020: 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 as at 31 March 2021 and 31 March 2020.

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 as at 31 March 2021 and 31 March 2020.

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 2020 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 applied the same accounting policies and methods of computation in the preparation of the financial statements for the financial year ended 31 March 2021 ("FY2021") as those applied in the preparation of the audited financial statements for the financial year ended 31 March 2020 ("FY2020").

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.

Refer to paragraph 4 above.

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	
	FY2021	**FY2020**
Profit attributable to owners of the Company (S$'000)	331	315
Weighted average number of ordinary shares	268,657,813	268,657,813
Earnings per share (basic and diluted) (cents)	0.12	0.12

The basic and diluted loss per share and earnings per share are the same as there were no potentially dilutive ordinary shares in issue as at 31 March 2021 and 31 March 2020.

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 2021	As at 31 Mar 2020	As at 31 Mar 2021	As at 31 Mar 2020
Net asset value per share (cents)	9.86	9.81	8.22	8.28
Net asset value (S$'000)	26,488	26,352	22,091	22,254
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

Revenue

2H2021 vs 2H2020

Revenue decreased by S$5.4 million or 13.4% from S$40.0 million in 2H2020 to S$34.6 million in 2H2021.

The decrease was attributed to:

i. lower contribution of S$9.6 million or 29.0% from the Engineering, Procurement and Construction ("EPC") segment from S$33.1 million to S$23.5 million, due to disruption on EPC projects caused by the restrictions imposed for the COVID-19 pandemic as well as intense market competition; which was partially offset by;

ii. increase of S$4.3 million or 62.3% from the Operations and Maintenance ("O&M") segment from S$6.9 million to S$11.2 million as the Group secured and completed certain higher value O&M contracts during the period.

FY2021 vs FY2020

Revenue decreased by S$6.6 million or 9.8% from S$67.1 million in FY2020 to S$60.5 million in FY2021.

The decrease was attributed to:

i. lower contribution of S$11.0 million or 20.4% from the EPC segment from S$53.9 million to S$42.9 million, due to disruption on EPC projects caused by the restrictions imposed for the COVID-19 pandemic as well as intense market competition; which is partially offset by;

ii. increase of S$4.4 million or 33.7% from the O&M segment from S$13.1 million to S$17.5 million as the Group secured and completed certain higher value O&M contracts during the financial year.

Cost of contract works, gross profit and gross profit margin

2H2021 vs 2H2020

Cost of contract works decreased by S$3.9 million or 10.8% from S$36.2 million in 2H2020 to S$32.3 million in 2H2021, due to the following:

i. decrease in cost of sale of S$7.8 million or 24.5% from EPC segment in tandem with the decrease in revenue; offset by:

ii. increase in cost of sale of S$3.9 million or 75.9% from O&M segment which is in line with the increase in revenue.

Gross profit decreased by S$1.5 million or 37.8% from S$3.9 million in 2H2020 to S$2.4 million in 2H2021, attributed mainly to the lower revenue from the EPC segment and the higher labour related costs incurred by both segments because of the COVID-19 pandemic.

Gross profit margin decreased from 9.7% in 2H2020 to 6.9% in 2H2021 due to the decrease in contribution from EPC segment and higher cost of contract works for both EPC and O&M segments

FY2021 vs FY2020

Cost of contract works decreased by S$3.6million or 6.0% from S$59.7 million in FY2020 to S$56.1 million in FY2021, due to the following:

i. decrease in cost of sale of S$8.5 million or 17.1% from EPC segment in tandem with the decrease in revenue; offset by:

ii. increase in cost of sale of S$4.9 million or 48.3% from O&M segment which is in line with the increase in revenue.

Gross profit decreased by S$3.0 million or 40.7% from S$7.4 million in FY2020 to S$4.4 million in FY2021, attributed mainly to the lower revenue from the EPC segment and the higher labour related costs incurred by both segments because of the COVID-19 pandemic.

Gross profit margin decreased from 11.0% in FY2020 to 7.3% in FY2021 due to the decrease in contribution from EPC segment and higher cost of contract works for both EPC and O&M segment.

Other income

2H2021 vs 2H2020

Other income increased by S$1.5 million from S$0.3 million in 2H2020 to S$1.8 million in 2H2021 mainly due to the government grants and incentives received under Jobs Support Scheme and foreign worker levy rebates for COVID-19 pandemic and a gain on disposal of leasehold property at 50 Tuas Avenue 11, #02-15 Singapore 639107 as announced on 10 September 2020.

FY2021 vs FY2020

Other income increased by S$3.2 million from S$0.4 million in FY2020 to S$3.6 million in FY2021 mainly due to the government grants and incentives under Jobs Support Scheme and foreign worker levy rebates for COVID-19 pandemic and a gain on disposal of property at 50 Tuas Avenue 11, #02-15 Singapore 639107 as announced on 10 September 2020.

Administration expenses

2H2021 vs 2H2020

Administrative expenses decreased by S$0.2 million or 5.6% from S$3.2 million in 2H2020 to S$3.0 million in 2H2021 mainly due to:

i. lower staff related cost such as salaries, bonuses and staff training expenses;

ii. lower travelling and advertising expenses due to the restrictions imposed by the authorities on COVID-19 pandemic.

FY2021 vs FY2020

Administrative expenses for FY2021 were comparable to those of the FY2020.

Other operating expenses

2H2021 vs 2H2020

Other operating expenses increased by S$0.3 million or 55.0% from S$0.6 million in 2H2020 to S$0.9 million in 2H2021 mainly due to the increase in depreciation and foreign exchange loss.

FY2021 vs FY2020

Other operating expenses increased by S$0.3 million or 28.1% from S$1.2 million in FY2020 to S$1.5 million in FY2021 mainly due to the increase in depreciation and foreign exchange loss.

Finance costs

2H2021 vs 2H2020

Finance cost decreased by 38.7% from S$75,000 in 2H2020 to S$46,000 in 2H2021 mainly due to the lower bank borrowings as the Group had disposed the leasehold property at 50 Tuas Avenue 11, #02-15 Singapore 639107 as announced on 10 September 2020.

FY2021 vs FY2020

Finance costs decreased by 31.2% from S$0.14 million in FY2020 to S$0.10 million in FY2021 mainly due to the lower bank borrowings as the Group had disposed the leasehold property at 50 Tuas Avenue 11, #02-15 Singapore 639107 as announced on 10 September 2020.

Profit for the period/year

As a result of the above, the Group's profit for the 2H2021 and FY2021 were S$ 0.4 million and S$0.5 million, respectively.

REVIEW OF GROUP'S FINANCIAL POSITION

Current assets

Current assets increased from S$39.6 million as at 31 March 2020 to S$41.0 million as at 31 March 2021, mainly due to the increase in contract assets, partially offset by the decrease in trade and other receivables.

Contract assets increased from S$10.0 million as at 31 March 2020 to S$12.5 million as at 31 March 2021 while the trade and other receivables decreased from S$11.5 million as at 31 March 2020 to S$9.4 million as at 31 March 2021, mainly due to the significant works performed towards the end of FY2021 and billings were made in the following financial year based on the completion milestones of the ongoing projects.

Non-current assets

Non-current assets decreased from S$11.4 million as at 31 March 2020 to S$10.5 million as at 31 March 2021, mainly due to the disposal of the property at 50 Tuas Avenue 11, #02-15 Singapore 639107 as announced on 10 September 2020.

Current liabilities

Current liabilities increased from S$21.0 million as at 31 March 2020 to S$22.0 million as at 31 March 2021, mainly due to the increase in contract liabilities, offset by the decrease in trade and other payables.

Contract liabilities increased from S$3.1 million as at 31 March 2020 to S$5.8 million as at 31 March 2021 due to the advance billings while the trade and other payables decreased from S$17.4 million as at 31 March 2020 to S$15.4 million as at 31 March 2021 due to the prompt payments to the suppliers.

Non-current liabilities

Non-current liabilities decreased from S$3.5 million as at 31 March 2020 to S$2.7 million as at 31 March 2021, mainly due to the decrease in bank borrowing related to the disposal of a leasehold property at 50 Tuas Avenue 11, #02-15 Singapore 639107 as announced on 10 September 2020.

REVIEW OF GROUP'S CASH FLOWS

FY2021 vs FY2020

Net cash generated from operating activities amounted to S$1.6 million due to operating cash flow before movements in working capital of S$1.6 million, adjusted for net cash inflow from working capital changes of S$0.2 million and income tax paid of S$0.2 million.

Net cash inflow from working capital of S$0.2 million was due to:

a) the decrease in trade and other receivables of S$2.0 million due to prompt collections;
b) the increase in contract liabilities of S$2.7 million because of advance billings; offset by:
c) the increase in contract assets of S$2.6 million due to significant works performed towards the end of FY2021 and billings were made in the following financial year based on the completion milestones of the ongoing projects; and
d) the decrease in trade and other payables of S$1.9 million due to prompt payments to suppliers.

Net cash generated from investing activities of S$0.6 million in FY2021 was mainly due to proceed from disposal of leasehold property at 50 Tuas Avenue 11, #02-15 Singapore 639107.

Net cash used in financing activities of S$1.2 million in FY2021 was mainly due to the repayment of borrowings related to the disposal of the leasehold property 50 Tuas Avenue 11, #02-15 Singapore 639107 and repayment of lease liabilities.

As a result of the above, there was a net increase of S$0.9 million in cash and cash equivalents in FY2021.

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.

For the financial year ended 31 March 2021, the Group continued to deal with the ongoing challenges that were brought on by the COVID-19 pandemic. The Group's operations were affected by delays in project execution, supply chain interruptions, and manpower disruptions. While several projects have re-started, the Group still continues to face supply chain issues and rising commodity and equipment prices, due to the demand for infrastructure as part of recovery spending around the world. The Group will closely monitor the situation and mitigate these issues as and when they arise.

Even as the Singapore government has continued to call for tenders during the year in review, the Group has seen very aggressive bids from its competition for several projects. Nevertheless, the Group will continue to tender for projects that can leverage its engineering expertise and track record.

With the Singapore government's ongoing efforts to manage the country's water demand and security, as well as its solid waste treatment, Singapore's water and waste management sectors will continue to remain a stable source of business opportunities for the Group. On 15 July 2021, the Group announced that it has secured two contracts from the Public Utilities Board worth S$72.67 million for the construction, commissioning and subsequent maintenance of new disinfection systems at Johor River Waterworks ("JRWW"). With the contract wins, the Group's orderbook stands at S$329.8 million and is expected to be completed by early 2026.

In FY2021, the Group also invested in its people and technology, such as bringing in key talent and re-organising work scopes to emphasise stronger teamwork. It also re-engineered work processes, such as in the areas of safety and cybersecurity, whilst adopting digital delivery systems to increase efficiency. The Group has started to explore investing in green technologies that can utilise its existing knowledge and expertise.

<u>Update on Sanli Myanmar (defined herein)</u>

Sanli Environmental (Myanmar) Company Limited ("Sanli Myanmar") is a 60%-owned subsidiary of the Group which provides engineering, construction and related services in Myanmar. With regard to the military takeover in Myanmar and its impact on the operations in Myanmar, the Group would like to update shareholders that projects have resumed and staffs have returned to the office in the beginning of July 2021. However, the situation in Myanmar is now further complicated by the COVID-19 crisis with daily infections hitting record highs causing more businesses to close and companies asking staff to work from home. Sanli

Myanmar contributed approximately 10% of the Group's revenue for FY2021. The Group will continue to closely monitor the situation and adopt the necessary procedures to ensure the safety of Sanli Myanmar staffs.

As the Singapore government works on developing a broader set of reopening plans[1], the Group is hopeful that the COVID-19 situation will improve with the overall global economy and industries normalising. As a result of the above, the Group is cautiously optimistic for the year ending 31 March 2022.

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	S$0.07 Singapore cent per ordinary share
Tax Rate	Nil

The full year dividend payout for FY2021 would constitute 56.3% of net profit after tax attributable to owners of the Company in FY2021.

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

Name of Dividend	Final
Dividend Type	Exempt (1-tier) dividend
Dividend Rate	S$0.06 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.

[1] https://www.theedgesingapore.com/news/covid-19/singapore-sync-reopening-vaccination-lawrence-wong

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 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		
	FY2021 S$'000	**FY2020 S$000**	**+/(-) %**
Revenue – EPC	42,930	53,935	(20.4)
Revenue – O&M	17,551	13,126	33.7
Total revenue	60,481	67,061	(9.8)
Gross profit – EPC	1,854	4,406	(57.9)
Gross profit – O&M	2,542	3,003	(15.4)
Gross profit	4,396	7,409	(40.7)
Unallocated corporate expenses	(2,459)	(5,532)	(55.5)
Depreciation of property, plant and equipment	(975)	(992)	(1.7)
Depreciation of right-of-use assets	(419)	(182)	>100
Interest income	108	99	9.1
Finance costs	(97)	(141)	(31.2)
Profit before tax	554	661	(16.2)
Income tax	(26)	(239)	(89.1)
Profit for the year	528	422	25.1

Non-current assets were shared by EPC and O&M segments and not to be accounted for separately.

Geographical segments

The Group's operations are mainly in Southeast Asia. In presenting information on geographical segments, segment revenue is based on the delivery order of customers and are primarily in Singapore and Myanmar. Segment non-current assets are based on the geographical location of the assets and are primarily in Singapore.

	Group			
	Revenue		Non-current assets	
	FY2021 S$'000	FY2020 S$'000	FY2021 S$'000	FY2020 S$'000
Singapore	54,430	60,519	10,363	11,307
Myanmar	6,035	6,541	135	57
Malaysia	16	1	12	16
	60,481	67,061	10,510	11,380

The geographical segments of the Group's revenue and non-current assets were not presented in FY2020 as the revenues derived from countries outside Singapore were less than 10% of the Group's revenue. Please refer to paragraph 10 above for more details on Myanmar segment.

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

Please refer to paragraph 8 above.

18. A breakdown of sales as follows:

	Group		
	FY2021 S$'000	FY2020 S$'000	+/(-) %
Sales reported for first half year	25,821	27,026	(4.5)
Operating profit after tax before deducting non-controlling interests reported for first half year	166	219	(24.2)
Sales reported for second half year	34,660	40,035	(13.4)
Operating profit after tax before deducting non-controlling interests reported for second half year	361	203	77.8

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	
	FY2021 S$'000	**FY2020 S$'000**
Ordinary	187	161
Preference	-	-
Total	187	161

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
26 July 2021