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MEDIA RELEASE

Sanli Environmental's Net Profit for 1H2022 increased five-fold to S\$867,000

- Current orderbook stands at S\$336 million and is expected to be completed by early 2026

SINGAPORE, 5 November 2021 – SGX-Catalist listed Sanli Environmental Limited (“Sanli”, “the Company”, “三立环境有限公司” and together with its subsidiaries, the “Group”), one of Singapore’s leading environmental engineering companies, announced today that it has achieved a net profit after tax of S\$867,000 for the six months ended 30 September 2021 (“1H2022”), a five-fold increase from S\$166,000 for the six months ended 30 September 2020 (“1H2021”).

Financial Highlights

S\$'m	1H2022	1H2021	% Change
Revenue	27.96	25.82	8.3
Gross Profit	3.78	1.99	89.9
Gross Profit Margin	13.5%	7.7%	5.8pt
Net Profit after Tax	0.87	0.17	>100

The Group’s 1H2022 revenue increased by 8.3% to S\$27.96 million from S\$25.82 million for 1H2021. Gross profit increased by 89.9% to S\$3.78 million from S\$1.99 million in 1H2021, with gross profit margin up 5.8 percentage points to 13.5% (1H2021: 7.7%). Overall, the Group’s net profit after tax for 1H2022 was S\$0.87 million (1H2021: S\$0.17 million). With a profit attributable to shareholders of S\$0.93 million (1H2021: S\$0.17 million), the earnings per share for 1H2022 is 0.35 Singapore cents (1H2021: 0.05 Singapore cents).

Mr Kew Boon Kee, the Chief Executive Officer of Sanli commented: *“Despite the challenging operating environment posed by COVID-19, we have been focusing on our project management and cost control, whilst steadily executing our orderbook. At the same, we are also looking ahead at upcoming tenders and want to beef up our headcount at all levels so as to better position ourselves to capitalise on these opportunities.”*

Segmental Revenue			
S\$'m	1H2022	1H2021	% Change
Engineering, Procurement and Construction (“EPC”)	19.7	19.4	1.5
Operations and Maintenance (“O&M”)	8.2	6.4	28.1
Total	28.0	25.8	8.5

The Group revenue from the EPC segment increased marginally by 1.5% to S\$19.7 million in 1H2022 (1H2021: S\$19.4 million). Correspondingly, revenue from the O&M segment increased significantly by 28.1% to S\$8.2 million in 1H2022 (1H2021: S\$6.4 million), as the Group secured and completed certain higher value O&M contracts during the period.

As at 30 September 2021, the Group’s financial position remains resilient with a net asset value of S\$27.2 million (31 March 2021: S\$26.5 million). This translates into a net asset value per share of 10.19 Singapore cents, compared to 9.86 Singapore cents as at 31 March 2021.

Business Outlook

In 1H2021, the Group has seen an improvement in its profit margins due to project management and cost control improvements as it has been progressively executing projects in its orderbook. The Group’s current orderbook stands at S\$336 million and is expected to be completed by early 2026.

The Group continues to operate in a challenging environment due to the ongoing COVID-19 pandemic. Besides delays in project execution and supply chain issues, the Group has been affected by manpower disruptions. With a stabilisation of foreign labour supply, will the Group be able to reduce its reliance on contract workers which have increased manpower costs. The Group will continue to closely monitor the COVID-19 situation and mitigate any related issues, such as the use of contract workers, as and when they arise.

Looking ahead, the Group is actively recruiting key talents to enhance its operations and better position itself for current and potential water and waste-water related infrastructure projects in Singapore. It has also identified possible opportunities in green technologies that can utilise its existing knowledge and expertise, and will make the necessary announcements as and when there is a material development.

With regard to the Group's 60%-owned subsidiary Sanli Environmental (Myanmar) Company Limited ("**Sanli Myanmar**"), projects in Myanmar have gradually resumed with the decline in the number of COVID-19 cases in the country and a lower level of protests against military rule. Some of the projects are expected to be delayed but Sanli Myanmar managed to negotiate and extended the completion date of the projects without penalty. Sanli Myanmar staff have all returned to the office with close monitoring of their health and the adoption of hygiene and safety procedures and practices. The staff are of the Group's primary concern, with Group management having frequent communications with the management of Sanli Myanmar for on-the-ground updates. Sanli Myanmar contributed approximately 3.1% of the Group's revenue for 1H2022.

As a result of the above, the Group continues to be cautiously optimistic for the year ending 31 March 2022, as the COVID-19 situation improves and the global economy and industries eventually normalise.

End.

Note: This media release is to read in conjunction with the Company's SGX-net announcement released on the same date.**About Sanli Environmental Limited**

Listed in 2017 on the SGX-Catalist, Sanli Environmental Limited ("Sanli") is an environmental engineering company in the field of water and waste management. Sanli'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 Company's business is divided into two main business segments. The Engineering, Procurement and Construction segment provides engineering, procurement and construction 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 mechanical and electrical equipment, and design and build of various treatment process systems. The Operations and Maintenance segment provides corrective and preventive maintenance services to ensure reliability and minimal disruptions to its customers' operations.

Backed by its strong engineering capabilities, Sanli has the ability to integrate mechanical, electrical and process engineering expertise to provide customised, cost- and time-efficient integrated engineering solutions and services to its customers.

For more information, please visit <https://www.sanli.com.sg/>

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This media release has been reviewed by the Company's sponsor ("Sponsor"), SAC Capital Private Limited. This media release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this media release, including the correctness of any of the statements or opinions made, or reports contained in this media release. The contact person for the Sponsor is Mr David Yeong (Telephone number: +65 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.