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MEDIA RELEASE

Sanli Environmental's 1H2023 net profit rose 54% to S$1.34 million

- **Current orderbook stands at S$373 million and is expected to be completed by early 2027**
- **Magnesium hydroxide slurry manufacturing plant has been set up as planned**
- **Started making initial forays into the industrial plant sector**

SINGAPORE, 14 November 2022 – 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, today announced that it has achieved a net profit after tax of S$1.34 million for the six months ended 30 September 2022 ("**1H2023**"), a 54.1% increase from S$0.87 million for the six months ended 30 September 2021 ("**1H2022**").

Financial Highlights

	Group **6 months ended 30 September**		
S$'m	**2023**	**2022**	**Change**
Revenue	39.02	27.96	39.5%
Gross Profit	5.27	3.79	39.2%
Gross Profit Margin	13.50%	13.54%	-0.04%pt
Net Profit after Tax	1.34	0.87	54.1%

In 1H2023, the Group's revenue increased by 39.5% to S$39.02 million from S$27.96 million in 1H2022 with net profit after tax increasing by 54.1% to S$1.34 million from S$0.87 million. The Group's gross profit

margin remained relatively stable for the period under review at 13.5% with the Group's orderbook currently standing at S$373 million and expected to be completed by early 2027.

With a profit attributable to shareholders of S$1.48 million for 1H2023 (1H2022: S$0.93 million), the Group's earnings per share for 1H2023 is 0.56 Singapore cents (1H2022: 0.35 Singapore cents)[1].

Commenting on the 1H2023 results, Mr Kew Boon Kee, the Chief Executive Officer of Sanli said: *"As the operating environment normalises to pre-COVID-19 pandemic levels, we continue to execute projects in our growing orderbook while proactively tendering for projects that leverage our engineering expertise, strong track record, and tight cost controls. Looking forward, we have begun the diversification of our customer base, with initial forays into the industrial sector and into the manufacture of magnesium hydroxide slurry. Our goal is for these initiatives to help us to build additional revenue streams that can supplement and smoothen out our current project-based revenue."*

Segmental Revenue Breakdown			
S$'m	**1H2023**	**1H2022**	**Change**
Engineering, Procurement and Construction ("EPC")	31.85	19.74	61.4%
Operations and Maintenance ("O&M")	7.17	8.23	-12.8%
Total	39.02	27.96	39.5%

The Group's increase in revenue for 1H2023 was attributed to higher contributions from Engineering, Procurement and Construction ("**EPC**") segment. The revenue of EPC increased by 61.4% from S$19.74 million in 1H2022 to S$31.85 million in 1H2023, mainly due to contributions from larger projects.

The increase was partially offset by lower contributions from the Operations and Maintenance ("**O&M**") segment. The revenue of O&M decreased by 12.8% from S$8.23 million in 1H2022 to S$7.17 million in 1H2023 as the Group secured lesser O&M contracts during the period.

[1] Earnings per share calculated on weighted average number of ordinary shares of 266,432,113 for 1H2023 and 267,708,144 for 1H2022.

The Group's gross profit increased by 39.2% from S$3.78 million in 1H2022 to S$5.27 million in 1H2023, mainly attributed to the higher revenue and higher gross profit margin from the EPC segment, which was partially offset by lower gross profit from O&M segment due to lower revenue and higher cost of contract works.

As at 30 September 2022, the Group's financial position remains strong with a net asset value of S$28.27 million (30 September 2021: S$27.82 million). This translates into a net asset value per share of 10.61 Singapore cents, compared to 10.44 Singapore cents as at 31 March 2022[2].

Business Outlook

The Group's operating environment has somewhat normalised and gone back to pre-COVID-19 pandemic levels, as the Group continues to execute projects in its orderbook and tender for new projects. The Group's orderbook currently stands at S$373 million and is expected to be completed by early 2027.

The Group will continue to proactively tender for projects that leverage its engineering expertise and strong track record, while continuing to attract talent to better position itself to tender for large water and wastewater related projects in Singapore.

Expanding into Industrial Sector

The Group's wholly-owned subsidiary Enviro Plant & Engineering Pte. Ltd. ("**EPE**") which was established in April 2022, has started to make initial forays into the industrial sector as part of the Group's customer diversification efforts. EPE is positioning itself to provide environmental engineering solutions for water and wastewater treatment, air pollution control and solid waste management to the industrial plant sector in Singapore and Southeast Asia.

Diversification into Manufacturing Business

The Group's magnesium hydroxide slurry manufacturing plant has been set up as planned, with the requisite licenses being obtained from the various authorities in Singapore. To market its magnesium hydroxide slurry product, the Group is actively participating in exhibitions in Singapore and in the region. Magnesium hydroxide slurry has various industrial applications such as in the environmental protection

[2] Net asset value per share is calculated based on 266,432,113 ordinary shares for 1H2023 and FY2022.

market, where it is used as a neutralising agent for wastewater treatment, as an effective sorbent for the removal of heavy metals in wastewater treatment, and as a liquid absorber for flue gas desulphurisation. The Group has diversified to capitalise on opportunities in green technologies that can utilise its existing knowledge and expertise, in order to expand its revenue base.

Update on Sanli Myanmar (defined herein)

Although the operating environment of the Group's 60% owned subsidiary, Sanli Environmental (Myanmar) Company Limited ("**Sanli Myanmar**") has been stabilised with the easing of domestic and international travel, the political situation in Myanmar overall continues to be a dampener to its growth. For 1H2023, Sanli Myanmar contributed approximately 1.5% of the Group's revenue.

Outlook

Despite inflationary pressures, the Group continues to be hopeful that current geopolitical tensions will improve and that the global economy and industries will stabilise. Barring any unforeseen circumstances, the Group remains cautiously optimistic for the financial year ending 31 March 2023.

End.

Note: This media release is to be read in conjunction with the Company's SGXNet announcement on the Group's 1H2023 financial statements 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 announcement. 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.