SANLI ENVIRONMENTAL LIMITED
Company Registration No.: 201705316M

Media Release

Sanli Environmental FY2023 net profit rises 2.4 times to S$4.2 million

- **FY2023 revenue grew 64.6% to S$106.4 million from the previous financial year**
- **Current orderbook stands at S$355 million and is expected to be completed by early 2027**
- **Proposes dividend of 0.768 Singapore cents per share that is subject to shareholders' approval at the upcoming AGM**

SINGAPORE, 25 May 2023 – 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, is pleased to announce that it has achieved a net profit after tax of S$4.2 million for the financial year ended 31 March 2023 ("**FY2023**"), a 2.4 times increase from S$1.8 million for the financial year ended 31 March 2022 ("**FY2022**").

Financial Highlights

	12 months ended 31 March		
S$'m	**2023**	**2022**	**% Change**
Revenue	106.4	64.7	64.6
Gross Profit	14.2	7.8	83.4
Gross Profit Margin	*13.4%*	*12.0%*	*1.4 %pts*
Net Profit after Tax	4.2	1.8	>100.0

The Group's FY2023 revenue jumped 64.6% to S$106.4 million from S$64.7 million in FY2022. Gross profit rose by 83.4% to S$14.2 million in FY2023, from S$7.8 million in FY2022, and gross profit margin also rose 1.4 percentage points to 13.4% (FY2022: 12.0%). The Group continues to steadily execute larger scale projects while maintaining healthy operating margins.

Profit attributable to shareholders was S$4.3 million for FY2023 (FY2022: S$1.8 million) and the Group's earnings per share for FY2023 is 1.63 Singapore cents (FY2022: 0.66 Singapore cents)[1]. Based on the FY2023 results performance, the Board of Directors of Sanli is proposing a first and final dividend of 0.768 Singapore cents per share, which is subject to the shareholders' approval at the upcoming Annual General Meeting.

Mr Kew Boon Kee, Chief Executive Officer of Sanli commented: "*With the ebbing COVID-19 pandemic, our business operations have normalised back to pre-pandemic levels, resulting in a stellar performance for FY2023. We will continue to build on this strong momentum for FY2024 and will continue to participate in upcoming tenders as we execute our S$355 million order book. Our expansion into both the industrial sector and manufacturing business is also showing promise, as we make inroads into these areas to diversify our customer and revenue base.*"

Segmental Revenue

	12 months ended 31 March		
Revenue (S$'m)	**2023**	**2022**	**% Change**
Engineering, Procurement and Construction ("EPC")	88.1	49.5	78.1
Operations and Maintenance ("O&M")	18.3	15.2	20.6
Total	106.4	64.7	64.6

[1] Earnings per share calculated on weighted average number of ordinary shares of 266,432,113 for FY2023 and 267,646,490 for FY2022.

Revenue from the EPC segment rose 78.1% to S$88.1 million in FY2023 (FY2022: S$49.5 million) as the industry continues its strong recovery from the COVID-19 pandemic. The O&M segment also enjoyed a revenue increase of 20.6% to S$18.3 million in FY2023 (FY2022: S$15.2 million) as more O&M contracts were completed during the financial year. Both EPC and O&M segments have contributed positively to the increase in revenue and gross profit margin for FY2023.

As at 31 March 2023, the Group's financial position remains resilient with a net asset value of S$31.1 million (31 March 2022: S$27.8 million). This translates into a net asset value per share of 11.68 Singapore cents, compared to 10.44 Singapore cents as at 31 March 2022[2].

Business Outlook

Although the waning COVID-19 pandemic has allowed the Group's business activities to normalise back to pre-pandemic levels, current geopolitical tensions are causing a global economic impact and inflationary pressures which may have an impact on the Group's operations.

Nevertheless, the Group continues to bid for major municipal projects in Singapore that leverage its engineering expertise, track record, operational excellence, and strong reputation. The Group's current order book is S$355 million and is expected to be completed by early 2027.

Whilst continuing to tender for large-scale projects, the Group is also building on its foray into the manufacturing and the industrial sectors, as well as exploring opportunities in the region, including partnerships, JVs, or M&As. On a longer-term basis, the Group expects to explore the opportunities to participate in Singapore's S$100 billion coastal protection plan that was announced in 2019.

[2] Net asset value per share is calculated based on 266,432,113 ordinary shares for FY2023 and FY2022.

Diversification into Manufacturing Business

The Group seeks opportunities in green technologies that leverage its existing knowledge and technical know-how, as part of its diversification efforts to extend its revenue base. In FY2023, the Group received shareholders' approval to manufacture magnesium hydroxide slurry ("**Manufacturing Business**") under its wholly-owned subsidiary Mag Chemical Pte. Ltd. for use in a range of industrial applications, such as the environmental protection market[3]. The Group has since set up and commissioned a magnesium hydroxide slurry manufacturing plant according to schedule, and has begun to engage customers to develop its Manufacturing Business.

Expansion into Industrial Sector

During FY2023, the Group also expanded into the industrial sector under its wholly-owned subsidiary Enviro Plant & Engineering Pte. Ltd. ("**EPE**") as part of its diversification efforts. EPE provides environmental engineering solutions for water and wastewater treatment, plus air pollution control and solid waste management, to the industrial sector in Singapore and Southeast Asia. EPE has started to make inroads in this space, with an increasing interest among customers for its solutions.

Update on Sanli Myanmar

Sanli Environmental (Myanmar) Company Limited ("**Sanli Myanmar**") is a 60% owned subsidiary of the Group, which provides Engineering, Construction and Water & Building Related Services in Myanmar. Even as the operating environment of Sanli Myanmar has stabilised with the easing of domestic and international travel, the political situation in Myanmar overall continues to be a dampener to growth. For FY2023, Sanli Myanmar contributed approximately 0.8% of the Group's revenue.

Overall, despite inflationary pressures, the Group continues to be hopeful that global geopolitical tensions will improve and that the global economy and industries will stabilise. As such, the

[3] Magnesium hydroxide slurry is used, amongst other things, as neutralising agent for wastewater treatment, as effective sorbent for removal of heavy metal in wastewater treatment and as liquid absorber for flue gas desulphurization (being the removal of unwanted sulphur dioxide from exhaust emissions).

Group maintains cautious optimism for the financial year ending 31 March 2024, barring any unforeseen circumstances.

End.

Note: This media release is to be read in conjunction with the Company's financial statement announcement for the full-year ended 31 March 2023 released on the same date on the SGXNet.

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.