SANLI ENVIRONMENTAL LIMITED

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NEWS RELEASE

ENVIRONMENTAL ENGINEERING SOLUTIONS AND SERVICES PROVIDER SANLI LAUNCHES IPO AT S$0.225

- ***2,500,000 Offer Shares at S$0.225 each by way of public offer***
- ***49,500,000 Placement Shares at S$0.225 each by way of placement***
- ***Intends to recommend and distribute dividends of at least 20.0% of net profit attributable to owners of the Company for FY2018***
- ***Vanda 1 Investments Pte. Ltd., which is managed by Heliconia Capital Management Pte. Ltd., has taken a stake as a Pre-IPO Investor***

Singapore, 30 May 2017 – Sanli Environmental Limited ("**Sanli**", and together with its subsidiaries, the "**Group**"), an environmental engineering company in the field of water and waste management, today launched its initial public offering ("**IPO**") in connection with its proposed listing on Catalist ("**Catalist**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

THE INVITATION

The Invitation of 52,000,000 New Shares, at an issue price of S$0.225 each, represents approximately 19.4% of the Group's post-Invitation share capital. The Invitation is structured as follows:

(i) 2,500,000 Offer Shares at S$0.225 for each Offer Share by way of public offer; and

(ii) 49,500,000 Placement Shares at S$0.225 for each Placement Share by way of placement, comprising:

  (a) 45,000,000 Placement Shares at S$0.225 for each Placement Share; and

  (b) 4,500,000 Reserved Shares at S$0.225 for each Reserved Share reserved for subscription by Sanli's directors, employees and business associates who have contributed to the success of the Group,

payable in full on application.

At an issue price of S$0.225, the New Shares are priced at a historical price earnings ratio of approximately 8.75 times, based on the unaudited pro forma earnings per share of 2.57 Singapore cents for the financial year ended 31 March 2016 and based on the Company's pre-Invitation share capital of 216,657,813 Shares.

The offer document has been registered by the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore on 30 May 2017 and the public offer will open at 6.00 p.m. on 30 May 2017 and will close at 12.00 noon on 6 June 2017. The listing and trading of Sanli's Shares is expected to commence on a "ready" basis at 9.00 a.m. on 8 June 2017.

Sanli's market capitalisation is expected to be approximately S$60.4 million upon completion of the IPO.

SAC Capital Private Limited ("**SAC Capital**") is the Sponsor, Issue Manager, Underwriter and Placement Agent in connection with the IPO. SAC Capital will also be Sanli's continuing sponsor following its listing on Catalist.

HELICONIA CAPITAL – PRE-IPO INVESTOR

Vanda 1 Investments Pte. Ltd. (**"Vanda 1"**), a Pre-IPO Investor, had entered into an investment agreement and granted a convertible loan of S$2.0 million to Sanli, the proceeds of which would be used for the expansion of the Group's business and for working capital purposes. Following the conversion of the convertible loan, 14,401,689 Shares were allotted to Vanda 1.

Vanda 1 is managed by Heliconia Capital Management Pte. Ltd. (**"Heliconia"**), an investment company and a wholly-owned subsidiary of Temasek Holdings (Private) Limited. Heliconia provides growth capital to Singapore's leading small and medium-sized enterprises to help them become globally competitive companies.

USE OF PROCEEDS

The estimated net proceeds of approximately S$9.72 million to be raised from the IPO will be used as follows:

(i) Approximately S$5.74 million to be used as working capital to expand business operations through securing more projects and projects of a larger scale;

(ii) Approximately S$2.92 million to be used for expansion of business premises; and

(iii) Approximately S$1.06 million to be used for investment in a business development department.

OVERVIEW OF SANLI

Sanli is an environmental engineering company with more than ten years of experience 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 instrumentation and control systems in water and used water treatment plants, pumping stations and incineration plants.

The Group's business is divided into two main business segments: Engineering, Procurement and Construction; and Operations and Maintenance.

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.

Mr Sim Hock Heng, CEO of Sanli, said: "We operate in an industry with significant barriers to entry, where substantial technical expertise is required for the execution of projects. Over the course of more than a decade, Sanli has established itself as a reliable and responsive environmental engineering solutions and services provider in the field of water and waste management. To date, we have successfully completed more than 1,000 projects, with a track record of repeatedly winning public sector tenders."

FINANCIAL HIGHLIGHTS AND ORDER BOOK

The Group's revenue grew at a compounded annual growth rate ("**CAGR**") of 71.8%, from S$19.4 million in FY2014 to S$57.3 million in FY2016. For the nine-month period ended 31 December 2015 ("**9M2016**") and 31 December 2016 ("**9M2017**"), the Group achieved an 18.3% growth in its revenue from S$42.6 million in 9M2016 to S$50.4 million in 9M2017.

Sanli's net profit for the year attributable to owners of the company recorded a CAGR of 83.3% from S$1.8 million in FY2014 to S$5.9 million in FY2016. Over a nine-month period, net profit attributable to owners of the Company increased by S$0.2 million or 4.9% from S$4.7 million in 9M2016 to S$4.9 million in 9M2017.

As at 1 May 2017, the Group's order book stood at approximately S$105.8 million, with more than 50% expected to be fulfilled in FY2018.

DIVIDENDS

While Sanli does not currently have a fixed dividend policy, the Directors intend to recommend and distribute dividends of at least 20.0% of the Group's net profit attributable to shareholders for the financial year ended 31 March 2018.

PROSPECTS AND FUTURE PLANS

The Directors believe that the growth in the water and wastewater treatment industry in Singapore and ASEAN will contribute positively to the growth prospects of the Group.

Singapore

As part of the government's plan to develop Singapore's future water infrastructure, the following developments are also expected to take place by 2060:

- Singapore's water use is expected to more than double from about 430 million gallons a day;
- NEWater and desalinated water are expected to meet up to 85% of Singapore's future water demand:
    - Phase 2 of the Deep Tunnel Sewerage System (DTSS), Singapore's super highway for used water management, is expected to complete by 2025;
- The non-domestic sector will account for 70% of Singapore's water demand, up from 55% currently.

Managing industrial water use will become a priority for many water-intensive businesses operating in Singapore, including petrochemicals, electronics and pharmaceuticals. As the government continues to encourage industrial players to make their facilities and manufacturing processes more water efficient, industrial players will need to expand or enhance their respective water or wastewater treatment facilities.

The Directors believe that the government initiatives will translate into opportunities for the Group to participate in the development of the future water infrastructure, as the Group's track record in the industry puts the Group in good stead to match these demands.

Additionally, the Directors also believe that the increasing demand for water by the industrial sector, coupled with the government's encouragement to make industrial facilities and manufacturing processes more water efficient, will bring more business opportunities for the Group as it seeks to expand into the industrial sector.

ASEAN

Some of the population in ASEAN countries may have limited access to fresh water supply. At the same time, rapid industrialisation and urbanisation may cause wastewater to be discharged into water bodies with little or no primary treatment. As such, the Directors believe that there are business opportunities in residential township and industrial areas for industry professionals to invest, build and operate privately-owned water treatment facilities in various ASEAN countries such as Malaysia, Myanmar, Vietnam and Indonesia.

"Today, we stand at the cusp of expanding our Singapore operations by pursuing more projects and projects of a larger scale, while also setting our sights on opportunities in the ASEAN region. We will capitalise on our technical knowledge, industry experience and track record to secure more contracts from customers in the industrial sector, to further strengthen our market position in Singapore. We also intend to expand into the industrial and public sectors in ASEAN countries such as Malaysia, Myanmar, Vietnam and Indonesia," added Mr Sim.

OFFER DOCUMENT

Anyone who wishes to subscribe for the New Shares shall make an application in the manner set out in the Offer Document.

Copies of the Offer Document and the application forms relating to the IPO in Singapore may be obtained, subject to availability, during business hours from SAC Capital at 1 Robinson Road, #21-02 AIA Tower, Singapore 048452. Copies of the Offer Document and application forms may also be obtained, subject to availability, at One Raffles Place located at Raffles Place, from 8.30 a.m. to 6.00 p.m. from 1 June 2017 to 2 June 2017.

The Offer Document is also available on the SGX-ST website at http://www.sgx.com

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This News Release does not constitute or form any part of an offer of, or invitation or solicitation to subscribe for any securities nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. The information in this News Release is based on information found in the offer document of Sanli Environmental Limited dated 30 May 2017 (the "Offer Document") that has been registered by the Singapore Exchange Securities Trading Limited acting as agent on behalf of the Monetary Authority of Singapore. Words and expressions, unless otherwise defined in this News Release, shall bear the same meanings assigned to them in the Offer Document.

This News Release does not purport to be complete and is qualified in its entirety by, and should be read in conjunction with, the full text of the Offer Document, including but not limited to the sections entitled "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements" of the Offer Document. The information contained in this News Release should not be relied on as any representation or warranty by Sanli Environmental Limited.

This News Release includes forward-looking statements provided with respect to the anticipated future performance of Sanli Environmental Limited. Such forward-looking statements reflect various assumptions concerning the future performance of Sanli Environmental Limited. Accordingly, there can be no assurance that such projections and forward-looking statements will be realised. The actual results may vary from the anticipated results and such variation may be material. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the forward-looking statements based thereon.