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 2019

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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Background

Sanli Environmental Limited (the "Company"), together with its subsidiaries (the "Group"), was listed on the Catalist Board of the SGX-ST on 8 June 2017, pursuant to an initial public offering (the "IPO") exercise. The Group is an environmental engineering company in the field of water and waste management. Its 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 was incorporated in Singapore on 27 February 2017 under the Singapore Companies Act as a private company limited by shares, under the name "Sanli Environmental Pte. Ltd.". The Company was incorporated pursuant to the restructuring exercise (the "Restructuring Exercise") as disclosed in the Company's offer document dated 30 May 2017 (the "Offer Document"). The Company was converted into a public limited company on 9 May 2017 and its name was changed to "Sanli Environmental Limited". Please refer to the Offer Document for further details on the Restructuring Exercise.

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.

	Group		Increase/
	FY2019	FY2018	(Decrease)
	S$'000	S$'000	%
Revenue	**71,350**	75,609	(5.6)
Cost of contract works	**(61,589)**	(64,738)	(4.9)
Gross profit	**9,761**	10,871	(10.2)
Other income	**375**	321	16.8
Administrative expenses	**(6,131)**	(5,246)	16.9
Other operating expenses	**(1,081)**	(1,867)	(42.1)
Finance costs	**(97)**	(239)	(59.4)
Profit before tax	**2,827**	3,840	(26.4)
Income tax	**(645)**	(785)	(17.8)
Profit for the year	**2,182**	3,055	(28.6)
Other comprehensive (loss)/income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**(12)**	13	N.M.
Total comprehensive income for the year	**2,170**	3,068	(29.3)
Profit for the year attributable to:			
Owners of the Company	**2,220**	3,069	(27.7)
Non-controlling interests	**(38)**	(14)	171.4
	2,182	3,055	(28.6)
Total comprehensive income for the year attributable to:			
Owners of the Company	**2,211**	3,082	(28.3)
Non-controlling interests	**(41)**	(14)	192.9
	2,170	3,068	(29.3)

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

	Group		Increase/
	FY2019	FY2018	(Decrease)
	S$'000	S$'000	%
Profit for the year has been arrived at after crediting/(charging):			
Depreciation of property, plant and equipment	**(1,077)**	(576)	87.0
Net foreign exchange loss	**(4)**	(59)	(93.2)
Net (loss) / gain on disposal of property, plant and equipment	**(42)**	7	N.M.
Loss on disposal of available-for-sale investments	**-**	(7)	N.M.
Interest income	**70**	93	(24.7)
Interest expense	**(97)**	(239)	(59.4)
IPO expenses	**-**	(1,231)	N.M.

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 2019 S$'000	As at 31 Mar 2018 S$'000	**As at 31 Mar 2019 S$'000**	As at 31 Mar 2018 S$
ASSETS				
Current assets				
Cash and cash equivalents	**8,829**	9,354	**31**	1,051
Trade and other receivables	**16,282**	15,185	**312**	13,501
Contract assets	**15,435**	13,978	**-**	-
Financial assets at fair value through profit or loss	**267**	-	**-**	-
Total current assets	**40,813**	38,517	**343**	14,552
Non-current assets				
Property, plant and equipment	**11,157**	10,500	**-**	-
Investment in subsidiaries	**-**	-	**21,755**	8,255
Available-for-sale investments	**-**	267	**-**	-
Total non-current assets	**11,157**	10,767	**21,755**	8,255
Total assets	**51,970**	49,284	**22,098**	22,807
LIABILITIES AND EQUITY				
Current liabilities				
Borrowings	**271**	271	**-**	-
Trade and other payables	**21,622**	19,820	**165**	227
Contract liabilities	**260**	450	**-**	-
Finance leases	**68**	87	**-**	-
Income tax payable	**504**	960	**17**	-
Total current liabilities	**22,725**	21,588	**182**	227
Non-current liabilities				
Borrowings	**2,340**	2,611	**-**	-
Finance leases	**76**	180	**-**	-
Deferred tax liabilities	**176**	-	-	-
Total non-current liabilities	**2,592**	2,791	**-**	-
Capital and reserves				
Share capital	**21,297**	21,297	**21,297**	21,297
Capital reserves	**482**	232	**-**	-
Merger reserves	**(6,755)**	(6,755)	**-**	-
Translation reserves	**(31)**	(22)	**-**	-
Retained earnings	**11,662**	10,114	**619**	1,283
Equity attributable to owners of the Company	**26,655**	24,866	**21,916**	22,580
Non-controlling interests	**(2)**	39	**-**	-
Total equity	**26,653**	24,905	**21,916**	22,580
Total liabilities and equity	**51,970**	49,284	**22,098**	22,807

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 2019 S$'000		As at 31 Mar 2018 S$'000	
	Secured	**Unsecured**	Secured	Unsecured
Amount repayable in one year or less, or on demand	**339**	**-**	358	-
Amount repayable after one year	**2,416**	**-**	2,791	-
Total borrowings and debt securities	**2,755**	**-**	3,149	-

Details of collateral:

i. Bank borrowings of S$2,611,000 (31 March 2018: S$2,882,000) are secured by a first legal charge over certain property, plant and equipment of the Group and corporate guarantee from the Company.

ii. Finance leases of S$144,000 (31 March 2018: S$267,000) 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	
	FY2019	FY2018
	S$'000	S$'000
Cash flows from operating activities		
Profit before tax	**2,827**	3,840
Adjustments for:		
Depreciation of property, plant and equipment	**1,077**	576
Loss/(gain) on disposal of property, plant and equipment	**42**	(7)
Loss on disposal of available-for-sale investments	**-**	7
Share based payments expenses	**250**	232
Finance costs	**97**	239
Interest income	**(70)**	(93)
Exchange differences	**(10)**	13
Operating cash flow before movements in working capital	**4,213**	4,807
Trade and other receivables	**(596)**	(8,520)
Trade and other payables	**1,802**	7,264
Contract assets	**(1,958)**	(8,166)
Contract liabilities	**(190)**	(310)
Cash generated from/(used in) operations	**3,271**	(4,925)
Income tax paid	**(925)**	(2,041)
Net cash from/(used in) operating activities	**2,346**	(6,966)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(1,888)**	(5,434)
Proceeds from disposal of property, plant and equipment	**110**	13
Proceeds from disposal of available-for-sale investments	**-**	250
Interest received	**70**	93
Net cash used in investing activities	**(1,708)**	(5,078)
Cash flows from financing activities		
Dividends paid to owners of the Company	**(672)**	-
Proceeds from issuance of new shares pursuant to IPO, net of IPO expenses capitalised	**-**	11,042
Repayment of borrowings	**(271)**	(854)
Repayment of finance lease obligations	**(123)**	(88)
Proceeds from non-controlling interests	**-**	53
Interest paid	**(97)**	(239)
Net cash (used in)/from financing activities	**(1,163)**	9,914
Net decrease in cash and cash equivalents	**(525)**	(2,130)
Cash and cash equivalents at beginning of financial year	**9,354**	11,484
Cash and cash equivalents at end of financial year	**8,829**	9,354

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 S$'000	Merger reserves S$'000	Capital reserves S$'000	Translation reserves S$'000	Retained earnings S$'000	Equity attributable to owners of the Company S$'000	Non-controlling interests S$'000	Total S$'000
Balance as at 1 Apr 2017	1,500	-	-	(35)	7,045	8,510	-	8,510
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	3,069	3,069	(14)	3,055
Other comprehensive income for the year	-	-	-	13	-	13	-	13
Total	-	-	-	13	3,069	3,082	(14)	3,068
Transactions with owners, recognised directly in equity:								
Movements in reserves pursuant to the Restructuring Exercise	(1,500)	(6,755)	-	-	-	(8,255)	-	(8,255)
Recognition of share based payments	-	-	232	-	-	232	-	232
Issuance of new shares pursuant to the Restructuring Exercise	8,255	-	-	-	-	8,255	-	8,255
Issuance of new shares pursuant to the conversion of convertible loan	2,000	-	-	-	-	2,000	-	2,000
Issuance of new shares pursuant to the IPO	11,700	-	-	-	-	11,700	-	11,700
IPO expenses	(658)	-	-	-	-	(658)	-	(658)
Non-controlling interest arising from incorporation of a subsidiary	-	-	-	-	-	-	53	53
Total	19,797	(6,755)	232	-	-	13,274	53	13,327
Balance as at 31 Mar 2018	**21,297**	**(6,755)**	**232**	**(22)**	**10,114**	**24,866**	**39**	**24,905**
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	2,220	2,220	(38)	2,182
Other comprehensive loss for the year	-	-	-	(9)	-	(9)	(3)	(12)
Total	-	-	-	(9)	2,220	2,211	(41)	2,170
Transactions with owners, recognised directly in equity:								
Recognition of share based payments	-	-	250	-	-	250	-	250
Dividends paid to owners of the Company	-	-	-	-	(672)	(672)	-	(672)
Total	-	-	250	-	(672)	(422)	-	(422)
Balance as at 31 Mar 2019	**21,297**	**(6,755)**	**482**	**(31)**	**11,662**	**26,655**	**(2)**	**26,653**

Company

	Share capital S$'000	Retained earnings S$'000	Total S$'000
Balance as at 1 Apr 2017	-	-	-
Total comprehensive income for the year:			
Profit for the year	-	1,283	1,283
Transactions with owners, recognised directly in equity :			
Issuance of new shares pursuant to the Restructuring Exercise	8,255	-	8,255
Issuance of new shares pursuant to the conversion of convertible loan	2,000	-	2,000
Issuance of new shares pursuant to the IPO	11,700	-	11,700
IPO expenses	(658)	-	(658)
Total	21,297	-	21,297
Balance as at 31 Mar 2018	**21,297**	**1,283**	**22,580**
Total comprehensive income for the year:			
Profit for the year	-	8	8
Transactions with owners, recognised directly in equity :			
Dividends paid to owners of the Company	-	(672)	(672)
Total	-	(672)	(672)
Balance as at 31 Mar 2019	**21,297**	**619**	**21,916**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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 2018.

There are no outstanding convertibles, treasury shares or subsidiary holdings as at 31 March 2019 and 31 March 2018.

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 2019 was 268,657,813 (31 March 2018: 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.

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.

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.

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 consistently applied the same accounting policies and methods of computation for the current financial year compared to the most recently audited annual financial statements, except as explained in paragraph 5 below.

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.

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Group's financial statements for the financial year ending 31 March 2019 will be prepared in accordance with SFRS(I) issued by the ASC. The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 March 2018, except for the adoption of the following new/revised SFRS(I) that are applicable for the financial period beginning 1 April 2018.

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International) SFRS(I)* requires that the Group applies SFRS(I) on a retrospective basis, subject to the mandatory exceptions and optional exemptions under SFRS(I). The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 does not have any significant impact on the Group's financial statements.

SFRS(I) 9 *Financial Instruments* introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. The adoption of SFRS(I) 9 resulted in a change in the Group's accounting policies on available-for-sale investments, which have been classified as financial assets at fair value through profit or loss as at 1 April 2018.

SFRS(I) 9 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group adopts the simplified approach and records lifetime expected losses on all trade receivables. The impairment calculated using the expected credit loss model does not have a significant impact on the financial statements.

SFRS(I) 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. Based on the existing contractual arrangement for revenue, the implementation of SFRS(I) 15 does not result in a change in the amounts and timing of revenue recognition by the Group. The adoption of SFRS(I) 15 however resulted in a change in the Group's presentation in the statement of financial position. Contract work-in-progress in excess of billings and billings in excess of contract work-in-progress have been classified as contract assets and contract liabilities as at 1 April 2017.

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	
	FY2019	FY2018
Profit attributable to owners of the Company (S$'000)	**2,220**	3,069
Weighted average number of ordinary shares	**268,657,813**	256,839,481
Earnings per share (basic and diluted) (cents)	**0.83**	1.19

The basic and diluted earnings per share are the same as there were no potentially dilutive ordinary shares in issue as at 31 March 2019 and 31 March 2018.

The weighted average number of ordinary shares used for the calculation of earnings per share for the financial year ended 31 March 2018 is based on (i) pre-invitation number of shares of 202,256,124, (ii) 14,401,689 new shares relating to the conversion of convertible loan, and (iii) 52,000,000 new shares issued during the year as part of the listing of the Company.

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 2019	As at 31 Mar 2018	**As at 31 Mar 2019**	As at 31 Mar 2018
Net Asset Value per share (cents)	**9.92**	9.26	**8.16**	8.40
Net Asset Value (S$'000)	**26,655**	24,866	**21,916**	22,580
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

The Group registered revenue of S$71.4 million for FY2019, a decrease of S$4.3 million or 5.6% over the S$75.6 million recorded for FY2018.

The decrease in the Group's turnover was mainly attributed to the decrease in contribution from its Operations and Maintenance segment of S$6.0 million or 30.6% due to increased competition. This was partially offset by an increase in revenue from the Engineering, Procurement and Construction segment of S$1.7 million or 3.0%.

Cost of contract works decreased by S$3.1 million or 4.9% from S$64.7 million in FY2018 to S$61.6 million in FY2019 in tandem with the decrease in revenue.

Gross profit decreased by S$1.1 million or 10.2% from S$10.9 million in FY2018 to S$9.8 million in FY2019 mainly due to the decrease in gross profit from the Operations and Maintenance segment, in tandem with the decrease in revenue.

Gross profit margin decreased by 0.7 percentage points from 14.4% in FY2018 to 13.7% in FY2019 mainly due to the decrease in contribution from the Operations and Maintenance segment which yielded a higher gross profit margin than the Engineering, Procurement and Construction segment.

Other income increased by S$0.1 million or 16.8% from S$0.3 million in FY2018 to S$0.4 million in FY2019 due to increase in government grants received.

Administrative expenses increased by 16.9% from S$5.2 million in FY2018 to S$6.1 million in FY2019, mainly due to the (i) increase in employees' remuneration resulting from an increase in salaries and headcount for the Group's business development department, and (ii) additional professional fees, advertising, exhibition, travelling and office expenses incurred in relation to the expansion into Myanmar.

Other operating expenses decreased from S$1.9 million in FY2018 to S$1.1 million in FY2019, mainly due to the recognition of one-off IPO expenses of S$1.2 million in FY2018. Depreciation of property, plant and equipment increased by S$0.5 million in FY2019 due to the depreciation of the Group's new leasehold property at 28 Kian Teck Drive.

Finance costs decreased by 59.4% from S$0.2 million in FY2018 to S$0.1 million in FY2019 due to the absence of the fixed interest of S$0.12 million that was incurred for the convertible loan in FY2018.

Profit before tax for the Group decreased by 26.4% from S$3.8 million in FY2018 to S$2.8 million in FY2019.

REVIEW OF GROUP'S FINANCIAL POSITION

Current assets increased by 6.0% from S$38.5 million as at 31 March 2018 to S$40.8 million as at 31 March 2019, mainly due to increases in trade and other receivables and contract assets.

Trade and other receivables increased by 7.2% from S$15.2 million as at 31 March 2018 to S$16.3 million as at 31 March 2019 mainly due to significant billings made in the month of March 2019. Contract assets increased by 10.4% from S$14.0 million as at 31 March 2018 to S$15.4 million as at 31 March 2019 due to work done for execution of various on-going projects.

Non-current assets increased by 3.6% from S$10.8 million as at 31 March 2018 to S$11.2 million as at 31 March 2019 mainly due to an increase in property, plant and equipment.

Current liabilities increased by 5.3% from S$21.6 million as at 31 March 2018 to S$22.7 million as at 31 March 2019. This was mainly due to an increase in trade and other payables of S$1.8 million, partially offset by a decrease in contract liabilities of S$0.2 million and decrease in income tax payable of S$0.5 million.

Non-current liabilities decreased by 7.1% from S$2.8 million as at 31 March 2018 to S$2.6 million as at 31 March 2019 with lower borrowings and finance leases.

REVIEW OF GROUP'S CASH FLOWS

Net cash from operating activities amounted to S$2.3 million due to operating cash flow before movements in working capital of S$4.2 million, adjusted for net cash outflow from working capital changes of S$1.0 million and income tax paid of S$0.9 million.

Net cash outflow from working capital of S$1.0 million was a result of increases in (a) trade and other receivables of S$0.6 million, (b) contract assets of S$2.0 million and (c) decreases in contract liabilities of S$0.2 million, offset by an increase in trade and other payables of S$1.8 million.

Net cash used in investing activities amounted to S$1.7 million mainly due to purchases of property, plant and equipment.

Net cash used in financing activities amounted to S$1.2 million mainly due to the dividend payment of S$0.7 million, repayment of borrowings and finance leases of S$0.4 million and interest paid of S$0.1 million.

As a result, overall cash and cash equivalents decreased by S$0.5 million to S$8.8 million in FY2019.

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.

Creating a sustainable water supply in Singapore will remain an important focus for the Singapore government and it will be an on-going effort. The public sector water and waste management industry is expected to remain stable, supported by ongoing and upcoming projects. Large scale projects such as the NEWater, desalinated water and Deep Tunnel Sewerage System (DTSS), offer potential business opportunities for the Group. While competition is expected to be keen, the Group will continue to leverage on its established track record, as well as its strong capabilities and expertise, to secure more water and waste management projects.

The Group will also rigorously monitor its operations to ensure that its service quality and competitive edge in public sector projects is maintained and continuously enhanced.

As part of the Group's business strategy and implementation, the Group has invested in a business development department that will take into account potential opportunities arising from the growing demand for water management solutions by industrial players in Singapore. Managing industrial water use will become a priority for many water-intensive businesses operating in Singapore such as petrochemicals, electronics and pharmaceuticals companies.

The Group will also continue to undertake careful and comprehensive evaluation of areas for potential future growth. This can be seen in the Group's expansion into Myanmar and its recent EPC contract wins (as announced on 2 April 2019). The Group will continue to capitalise on its expertise, to secure more contracts in Myanmar, to grow its footprint regionally, particularly in ASEAN.

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	0.25 Singapore cent per ordinary share
Tax Rate	Nil

The full year dividend payout for FY2019 would constitute 30.3% of net profit after tax attributable to owners of the Company in FY2019.

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

Name of Dividend	Final
Dividend Type	Exempt (1-tier) dividend
Dividend Rate	0.25 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.

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 a larger scale	5.74	-	5.74
Expansion of business premises	2.92	2.92	-
Expansion of business development department	1.06	0.81	0.25
Net proceeds from IPO	**9.72**	**3.73**	**5.99**

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		
	FY2019 S$'000	FY2018 S$'000	Increase/ (Decrease) %
Revenue - EPC	**57,824**	56,115	3.0
Revenue - O&M	**13,526**	19,494	(30.6)
Total revenue	**71,350**	75,609	(5.6)
Gross Profit - EPC	**7,225**	7,547	(4.3)
Gross Profit - O&M	**2,536**	3,324	(23.7)
Gross Profit	**9,761**	10,871	(10.2)
Unallocated corporate expenses	**(5,830)**	(6,309)	(7.6)
Depreciation	**(1,077)**	(576)	87.0
Interest income	**70**	93	(24.7)
Finance costs	**(97)**	(239)	(59.4)
Profit before tax	**2,827**	3,840	(26.4)
Income tax	**(645)**	(785)	(17.8)
Profit for the year	**2,182**	3,055	(28.6)

Geographical segments
The Group's activities are located primarily in Singapore and the revenue contribution for the recent Myanmar expansion is not significant as compared to the Group's revenue. The geographical locations of the Group's customers and assets are primarily in Singapore. Accordingly, there are no geographical segments presented.

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

Revenue from EPC business segment increased by S$1.7 million or 3.0% from S$56.1 million in FY2018 to S$57.8 million in FY2019 due to an increase in the execution of work for contracts secured in prior years offset by a decrease in the execution of work for contracts secured during FY2019.

Revenue from O&M business segment decreased by S$6.0 million or 30.6% from S$19.5 million in FY2018 to S$13.5 million in FY2019 due to the decrease in the execution of servicing and overhaul maintenance works in FY2019 in relation to contracts secured in prior years as well as the decrease in the execution of servicing and maintenance contracts secured in FY2019.

18. A breakdown of sales as follows:

	Group		
	FY2019 S$'000	FY2018 S$'000	Increase/ (Decrease) %
Sales reported for first half year	**34,728**	30,754	12.9
Operating profit after tax before deducting non-controlling interests reported for first half year	**1,749**	658	165.8
Sales reported for second half year	**36,622**	44,855	(18.4)
Operating profit after tax before deducting non-controlling interests reported for second half year	**433**	2,397	(81.9)

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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	
	FY2019 S$'000	FY2018 S$'000
Ordinary	**672**	672
Preference	**-**	-
Total	**672**	672

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.

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties and the year the position was first held	Details of changes in duties and position held, if any, during the year
Shoo Sook Fun	48	Spouse of Mr. Pek Kian Boon (an executive director who has resigned on 31 January 2019)	General Manager-Corporate Services since January 2016	Resigned on 31 July 2018

On behalf of the Board of Directors

Sim Hock Heng
Chief Executive Officer
23 May 2019