



## **SANLI ENVIRONMENTAL LIMITED**

Company Registration No.: 201705316M  
(Incorporated in the Republic of Singapore)

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### **PROPOSED DISPOSAL OF PROPERTY LOCATED AT 15 KIAN TECK DRIVE, SINGAPORE 628832**

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#### **1. INTRODUCTION**

The Board of Directors (the "**Board**") of Sanli Environmental Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that Sanli M&E Engineering Pte Ltd ("**Sanli M&E**"), a wholly-owned subsidiary of the Company, has granted an option to purchase (the "**Option**") to SunPro Energies Pte Ltd (the "**Purchaser**") in respect of a leasehold property located at 15 Kian Teck Drive, Singapore 628832 (the "**Property**") at a purchase consideration of S\$2,800,000 (excluding goods and services tax) ("**Purchase Consideration**"), on the terms and subject to the conditions of the Option ("**Proposed Disposal**"). The Purchaser is an independent and unrelated third party and has duly exercised the Option on 17 July 2023.

#### **2. INFORMATION ON THE PROPERTY**

The Property is a leasehold property with a leasehold tenure of 30 years commencing from 16 March 1995 with a further term of 15 years, subject to further investment requirements. The Property comprises of office and workshop, with a gross floor area of approximately 1,043.0 sqm and is currently occupied by the Group for its own use.

#### **3. SALIENT TERMS OF THE OPTIONS**

##### **Purchase Consideration**

The Purchase Consideration for the Property is S\$3,000,000 (excluding goods and services tax). The Purchase Consideration was arrived at on a willing buyer and willing seller basis after arms' length negotiations between the Company and the Purchaser. In deriving the Purchase Consideration, the Group had taken into account the (i) Net asset value of the Property and the gain on disposal; (ii) Singapore property market conditions; (iii) ongoing mortgage payments; (iv) the current economic environment and (v) independent valuation report on the property.

The Company has appointed United Valuers & Consultants Pte Ltd to conduct an independent valuation on the Property for the purpose of the Proposed Disposal. Based on the independent valuation report on the Property dated 22 June 2023, the open market value of the Property was S\$3.0 million. The valuation was primarily derived using the Direct Comparison Approach of Valuation by taking into consideration of comparable properties with regard to their location, tenure, age, size, design, layout, and condition amongst other factors.

Based on the Property's audited net asset value as of 31 March 2023 of approximately S\$2,656,000, the Proposed Disposal is expected to result in a gain on disposal of approximately S\$344,000.

Under the Option, the Purchase Consideration in relation to the Property, shall be payable by the Purchaser to Sanli M&E in cash as follows:

- (a) the sum of S\$30,000 (excluding goods and services tax) (the “**Option Money**”), which is equivalent to 1% of the Purchase Consideration, shall be payable upon the grant of the Option by Sanli M&E;
- (b) the balance deposit of S\$120,000, which is equivalent to 4% of the Purchase Consideration, shall be payable upon exercise of the Option by the Purchaser; and
- (c) the balance of the Purchase Consideration in relation to the Property, which is equivalent to 95% of the Purchase Consideration, shall be payable upon completion of the Proposed Disposal.

As of this announcement’s date, the Purchaser has paid S\$150,000 for items (a) and (b) above.

#### **4. RATIONALE FOR THE PROPOSED DISPOSAL**

Due to the Group’s expansion, the Property cannot accommodate its expanded operation due to its limited space. The Group had acquired a new property at 22 Chin Bee Drive, Singapore 619870 as per its announcement dated 19 June 2023 to consolidate the Group’s corporate office and workshops and house the Company’s foreign workers in a centralised location. This will allow management’s oversight of all the business units of the Group, increase operational efficiencies, lower the overall operating costs and reduce reliance on the dormitory facilities provided by third parties.

The Board believes that the Proposed Disposal is in the best interests of the Group and the Shareholders, as it will enable the Group to realise the value of the Property. The Proposed Disposal will result in a positive cash inflow of S\$1,701,000 thereby improving the liquidity of the Group. This would also allow the Group to reallocate its resources to improve and optimise the utilisation of assets.

#### **5. USE OF PROCEEDS**

The Company expects to receive a net proceed of approximately S\$2,955,000 (post-deduction for the commission fee of S\$45,000 payable to the real estate agent) and intends to utilise the net proceeds to pay off a mortgage loan of S\$1,254,000 secured by the Property and for the general working capital requirements of the Group.

Pending the deployment of the unutilised proceeds for the purposes mentioned above, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may deem appropriate in the interests of the Group.

#### **6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL**

The financial effects of the Proposed Disposal set out below are purely for illustrative purposes only and do not reflect the actual future financial position of the Company or the Group after the completion of the Proposed Disposal.

The financial effects of the Proposed Disposal were calculated based on the audited consolidated financial statements of the Group for the financial year ended 31 March 2023 (“**FY2023**”), being the most recently completed financial year for which financial statements are publicly available as at the date of this announcement.

## 6.1 Net Tangible Assets (“NTA”)

The effect of the Proposed Disposal on the NTA per share of the Group for FY2023, assuming that the Proposed Disposal had been effected as at 31 March 2023 is as follows:

<b>As at 31 March 2023</b>	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
NTA (S\$’000)	31,108	31,047
Number of issued shares (excluding treasury shares)	266,432	266,432
NTA per share (Cents)	11.7	11.8

## 6.2 Earnings per Share

The effect of the Proposed Disposal on the earnings per share of the Group for FY2023, assuming that the Proposed Disposal had been effected on 1 April 2022 is as follows:

<b>FY2023</b>	<b>Before the Proposed Disposal</b>	<b>After the Proposed Disposal</b>
Profit attributable to the owners of the Company (S\$’000)	4,349	4,703
Number of issued shares (excluding the treasury shares)	266,432	266,432
Earnings per share (Cents)	1.63	1.77

## 7. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE CATALIST RULES

Based on the latest announced audited consolidated financial statements of the Group for FY2023, the relative figures for the Proposed Disposal computed on the relevant bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (the “Catalist Rules”) are set out below:

<b>Rule</b>	<b>Bases</b>	<b>Relative Figure</b>
1006 (a)	The net asset value of the assets to be disposed of, compared with the group’s net asset value. This basis is not applicable to an acquisition of assets.	9.03% <sup>(1)</sup>
1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the Group’s net profits as at 31 March 2023.	N.A. <sup>(2)</sup>

1006 (c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation, based on the total number of issued shares excluding treasury shares.	9.65% <sup>(3)</sup>
1006 (d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable <sup>(4)</sup>
1006(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil or gas company, but not to an acquisition of such assets.	Not applicable <sup>(5)</sup>

**Note:**

- (1) Based on the net asset value of the Group of S\$31,127,000 as at 31 March 2023 and the net asset value of the Property of S\$2,812,000 as at 31 March 2023.
- (2) Not applicable as the Property is for the Group's own use and thus does not generate any income or revenue.
- (3) Based on the Purchase Consideration of S\$3,000,000 and the Company's market capitalisation of approximately S\$27,522,000 (being the issued ordinary share capital, excluding treasury shares, of the Company ("**Shares**") of 266,432,113 Shares and the volume weighted average price of the Company's shares of S\$0.1033 on 14 July 2023, which is the last full market day on which the Shares were traded prior to the date of exercising the Option.
- (4) The Proposed Disposal is not an acquisition asset.
- (5) The Company is not a mineral, oil or gas company.

As the relative figures under Rule 1006(a) and Rule 1006(c) exceeds 5% but does not exceed 50%, the Proposed Disposal would constitute a disclosable transaction within the meaning of Chapter 10 of the Catalist Rules. As such, no approval from shareholders of the Company will be required for the Proposed Disposal.

## **8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the directors or controlling shareholders of the Company and their respective associates has any interest, direct or indirect, in the Proposed Disposal, other than through their respective shareholdings in the Company.

## 9. DOCUMENTS FOR INSPECTION

A copy of the Option is available for inspection at the registered office of the Company at 28 Kian Teck Drive, Singapore 628845 for three (3) months from the date of this announcement.

By Order of the Board  
**Sanli Environmental Limited**

Sim Hock Heng  
Chief Executive Officer and Executive Director  
17 July 2023

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This announcement has been reviewed by the Company's sponsor ("Sponsor"), SAC Capital Private Limited. This announcement has not been examined or approved by 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. The contact person for the Sponsor is Mr David Yeong (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.