



SANLI ENVIRONMENTAL LIMITED
(Company Registration No. 201705316M)

ENTRY INTO JOINT VENTURE AGREEMENT

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 the Group’s wholly-owned subsidiary, Enviro Plant & Engineering Pte. Ltd. (“**Enviro**”), has entered into a joint venture agreement dated 10 June 2024 (the “**Agreement**”) with Mursun Pte. Ltd. (“**Mursun**”) and newly-incorporated Zaison Energy Pte. Ltd. (the “**JV Company**”) pursuant to which Enviro and Mursun have agreed that the JV Company shall principally carry on the business of undertaking engineering, procurement and construction, including operation and maintenance works, for waste-to-energy gasification projects received from Mursun in Singapore (the “**Joint Venture**”).

2. INFORMATION ON THE JOINT VENTURE PARTNER

Save as otherwise indicated, the information below relating to Mursun was based on information provided by Mursun. In respect of such information, the Company has not independently verified the accuracy or correctness of the same and the Company’s responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.

Mursun is a company incorporated in Singapore whose principal activities comprise engineering design and system integration for waste management and recycling systems as well as waste treatment, waste-to-energy, waste management and waste repurposing and recycling systems. The sole director and shareholder of Mursun is Mr Leong Kum Wah.

Prior to the Joint Venture, Mursun and its director and shareholder are not related to the Group, the Company, its directors and controlling shareholders and their respective associates.

3. SALIENT TERMS OF THE AGREEMENT

3.1 Share capital of the JV Company

Pursuant to the Agreement, the JV Company shall have an issued and paid-up share capital of S\$50,000 divided into 50,000 ordinary shares held as follows:

Shareholders	Issued and paid-up capital (S\$)	Number of Shares Held	Shareholding Percentage (%)
Enviro	32,500	32,500	65.0
Mursun	17,500	17,500	35.0
Total	50,000	50,000	100.0

3.2 Business of the JV Company

The business of the JV Company shall include:

- (a) providing engineering, procurement and construction (“**EPC**”) services for waste-to-energy gasification projects received from Mursun in Singapore;

- (b) providing operation and maintenance (“O&M”) services for waste-to-energy gasification projects received from Mursun in Singapore; and
- (c) providing EPC and O&M services outside of Singapore and/or any other engineering services, and any other business activities as the directors of the JV Company may approve.

3.3 Role of each shareholder of the JV Company

Under the terms of the Agreement:

- (a) Enviro shall (i) be the technical and engineering leader for all EPC, O&M and other engineering works of the JV Company, and (ii) provide all project management, execution and implementation of all EPC, O&M and other engineering works of the JV Company;
- (b) Mursun shall perform all project coordination among project owner, technology providers, feedstock suppliers, utilities/energy off-takers and equipment suppliers; and
- (c) Enviro and Mursun shall be jointly responsible for all business and commercial activities of the JV Company such as determining profit margin, pricing strategy, business expansion plan, and terms and conditions of payment for both customers and suppliers.

3.4 Board composition of the JV Company

The board of directors of the JV Company shall consist of two directors unless otherwise approved by the shareholders of the JV Company. Each of Enviro and Mursun shall be entitled to appoint one director. The director appointed by Enviro shall be the chairman of the board of directors of the JV Company and the chairman shall be entitled to a second or casting vote in the event of an equality of votes at a board meeting.

3.5 Reserved matters

The Agreement sets out certain customary matters which require the unanimous approval of all shareholders of the JV Company, including, among others, the amendment of the JV Company’s constitution, the issue by the JV Company of any shares or securities and the winding up or dissolution of the JV Company.

4. RATIONALE FOR THE JOINT VENTURE

The Group's entry into the Joint Venture is in line with the Group's strategy to extend its revenue base through expansion into the renewable energy business, following the receipt of shareholders' approval for the diversification of the Group's business to include the renewable energy business (please refer to the Company's circular to shareholders dated 5 December 2023 for further details).

5. FINANCIAL EFFECTS OF THE JOINT VENTURE

The subscription of shares in the JV Company by Enviro will be funded by the Group's internal resources and the Joint Venture is not expected to have any material impact on the earnings per share or net tangible assets per share of the Group for the financial year ending 31 March 2025.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, directly or indirectly, in the JV Company or the Joint Venture, save through his shareholding in the Company (if any).

7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement is available for inspection at the registered office of the Company at 22 Chin Bee Drive, Singapore 619870 for three months from the date of this announcement.

By Order of the Board

Sim Hock Heng
Chief Executive Officer and Executive Director
10 June 2024

*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 Ms Lee Khai Yinn (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.*