



SANLI ENVIRONMENTAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201705316M)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED AND FULL YEAR ENDED 31 MARCH 2024**

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This announcement has 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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Sanli Environmental Limited
Condensed Interim Financial Statements
For the Six Months and Full Year Ended 31 March 2024

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group 6 Months			Group 12 Months		
		1 Oct 2023 to 31 Mar 2024 S\$'000	1 Oct 2022 31 Mar 2023 S\$'000	+ /(-) %	1 Apr 2023 to 31 Mar 2024 S\$'000	1 Apr 2022 to 31 Mar 2023 S\$'000	+ /(-) %
Revenue	4	79,895	67,408	18.5	130,551	106,428	22.7
Cost of contract works		(70,861)	(58,435)	21.3	(114,312)	(92,187)	24.0
Gross profit		9,034	8,973	0.7	16,239	14,241	14.0
Other income		353	338	4.4	547	790	(30.8)
Administrative expenses		(5,239)	(4,800)	9.1	(9,209)	(7,807)	18.0
Other operating expenses		(1,015)	(868)	16.9	(1,898)	(1,786)	6.3
Finance costs		(1,098)	(334)	>100.0	(1,668)	(427)	>100.0
Profit before tax		2,035	3,309	(38.5)	4,011	5,011	(20.0)
Income tax	7	(695)	(469)	48.2	(1,057)	(835)	26.6
Profit for the period/year		1,340	2,840	(52.8)	2,954	4,176	(29.3)
Other comprehensive (loss), net of tax:							
Exchange differences on translation of foreign operations		(3)	(34)	(91.2)	(19)	(85)	(77.6)
Total comprehensive income for the period/year		1,337	2,806	(52.4)	2,935	4,091	(28.3)
Profit/(loss) for the period/year attributable to:							
Owners of the Company		1,301	2,866	(54.6)	2,922	4,349	(32.8)
Non-controlling interests		39	(26)	N.M.	32	(173)	N.M.
		1,340	2,840	(52.8)	2,954	4,176	(29.3)
Total comprehensive income/(loss) for the period/year attributable to:		1,293	2,841	(54.5)	2,898	4,288	(32.4)
Owners of the Company		44	(35)	N.M.	37	(197)	N.M.
Non-controlling interests		1,337	2,806	(52.4)	2,935	4,091	(28.3)

N.M.: Not Meaningful

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B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at 31 Mar 2024 S\$'000	As at 31 Mar 2023 S\$'000	As at 31 Mar 2024 S\$'000	As at 31 Mar 2023 S\$'000
ASSETS					
Current assets					
Cash and cash equivalents		6,431	19,802	17	81
Trade and other receivables		20,779	19,021	2,162	128
Assets held for sale		5,708	-	-	-
Contract assets		62,085	46,499	-	-
Total current assets		95,003	85,322	2,179	209
Non-current assets					
Property, plant and equipment	11	19,637	8,270	-	-
Right-of-use assets		2,985	1,310	-	-
Investment in subsidiaries	12	-	-	21,755	21,755
Deferred tax assets		57	56	-	-
Total non-current assets		22,679	9,636	21,755	21,755
Total assets		117,682	94,958	23,934	21,964
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	13	27,826	11,414	-	-
Trade and other payables		42,749	41,882	230	229
Contract liabilities		106	5,647	-	-
Lease liabilities	13	157	288	-	-
Income tax payable		548	691	-	-
Total current liabilities		71,386	59,922	230	229
Non-current liabilities					
Borrowings	13	11,148	2,802	-	-
Lease liabilities	13	2,387	1,057	-	-
Other payables		547	-	-	-
Deferred tax liabilities		198	50	-	-
Total non-current liabilities		14,280	3,909	-	-
Capital, reserves and non-controlling interests					
Share capital	14	21,297	21,297	21,297	21,297
Treasury shares	14	(165)	(165)	(165)	(165)
Translation reserves		(226)	(202)	-	-
Merger reserves		(6,755)	(6,755)	-	-
Capital reserves		521	521	-	-
Retained earnings		17,288	16,412	2,572	603
Equity attributable to owners of the Company		31,960	31,108	23,704	21,735
Non-controlling interests		56	19	-	-
Total equity		32,016	31,127	23,704	21,735
Total liabilities and equity		117,682	94,958	23,934	21,964

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C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group	Share capital	Treasury shares	Merger reserves	Capital reserves	Translation reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 April 2022	21,297	(165)	(6,755)	521	(141)	13,062	27,819	216	28,035
Total comprehensive income/(loss) for the year									
Profit/(loss) for the year	-	-	-	-	-	4,349	4,349	(173)	4,176
Other comprehensive (loss) for the year	-	-	-	-	(61)	-	(61)	(24)	(85)
Total	-	-	-	-	(61)	4,349	4,288	(197)	4,091
Transactions with owners, recognised directly in equity:									
Dividends paid to owners of the Company	-	-	-	-	-	(999)	(999)	-	(999)
Balance as at 31 March 2023	21,297	(165)	(6,755)	521	(202)	16,412	31,108	19	31,127

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Group	Share capital	Treasury shares	Merger reserves	Capital reserves	Translation reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 April 2023	21,297	(165)	(6,755)	521	(202)	16,412	31,108	19	31,127
Total comprehensive income/(loss) for the year									
Profit for the year	-	-	-	-	-	2,922	2,922	32	2,954
Other comprehensive (loss)/income for the year	-	-	-	-	(24)	-	(24)	5	(19)
Total	-	-	-	-	(24)	2,922	2,898	37	2,935
Transactions with owners, recognised directly in equity:									
Dividends paid to owners of the Company	-	-	-	-	-	(2,046)	(2,046)	-	(2,046)
Balance as at 31 March 2024	21,297	(165)	(6,755)	521	(226)	17,288	31,960	56	32,016

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Company	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance as at 1 April 2022	21,297	(165)	619	21,751
Total comprehensive income for the year:				
Profit for the year	-	-	983	983
Transactions with owners, recognised directly in equity:				
Dividends paid to owners of the Company	-	-	(999)	(999)
Balance as at 31 March 2023	21,297	(165)	603	21,735
Balance as at 1 April 2023	21,297	(165)	603	21,735
Total comprehensive income for the year:				
Profit for the year	-	-	4,015	4,015
Transaction with owners, recognised directly in equity:				
Dividends paid to owners of the Company	-	-	(2,046)	(2,046)
Balance as at 31 March 2024	21,297	(165)	2,572	23,704

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D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	12 months ended 31 March 2024	12 months ended 31 March 2023
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	4,011	5,011
Adjustments for:		
Depreciation of property, plant and equipment	1,606	1,340
Depreciation of right-of-use assets	268	357
Property, plant and equipment written off	32	-
Finance costs	1,668	427
Interest income	(156)	(74)
Exchange differences	(22)	(56)
Operating cash flows before movements in working capital	7,407	7,005
Trade and other receivables	(1,758)	(11,116)
Trade and other payables	1,414	28,965
Contract assets	(15,586)	(22,022)
Contract liabilities	(5,541)	(1,186)
Cash (used in)/generated from operations	(14,064)	1,646
Income tax paid	(1,046)	(300)
Net cash (used in)/generated from operating activities	(15,110)	1,346
Cash flows from investing activities		
Purchases of property, plant and equipment	(19,250)	(1,198)
Interest received	156	74
Net cash used in investing activities	(19,094)	(1,124)
Cash flows from financing activities		
Dividends paid to owners of the Company	(2,046)	(999)
Proceeds from borrowings	25,619	17,853
Repayment of borrowings	(861)	(8,039)
Repayment of lease liabilities	(211)	(335)
Interest paid	(1,668)	(427)
Net cash generated from financing activities	20,833	8,053
Net (decrease)/increase in cash and cash equivalents	(13,371)	8,275
Cash and cash equivalents at the beginning of the financial year	19,802	11,527
Cash and cash equivalents at the end of the financial year	6,431	19,802

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E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Sanli Environmental Limited (the “Company”) is incorporated in Singapore (Registration No. 201705316M) with its principal place of business and registered office at 22 Chin Bee Drive, Singapore 619870. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on June 8, 2017.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 12 to the condensed interim consolidated financial statements.

2. Basis of preparation

The condensed interim financial statements for the six months and full year ended 31 March 2024 have been prepared in accordance with Singapore Financial Reporting Standard (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting*.

The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and financial performance of the Group since the last interim financial statements for the six months ended 30 September 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s. The adoption of new and amended standards is set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the functional currency of the Company and all financial information presented in Singapore dollar are rounded to the nearest thousand (S\$’000) except otherwise indicated.

2.1 New and amended standards adopted by the Group

The Group and the Company adopted all the new and revised SFRS(I) pronouncements that are mandatorily effective and are relevant to its operations. The adoption of these new and revised SFRS(I) pronouncements does not result in changes to the Group’s and the Company’s accounting policies and has no material effect on the amounts reported for the current or prior periods.

The following amendments to SFRS(I) that are relevant to the Group and the Company were issued but effective for annual periods beginning on or after 1 April 2024.

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*
- Amendments to SFRS(I) 1-1: *Non-current Liabilities with Covenants*

Management anticipates that the adoption of the above amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

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2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited financial statements as at and for the financial year ended 31 March 2023.

3. Seasonal operations

The Group's businesses were not affected significantly by seasonal or cyclical factors during the financial period reported on.

4. Segment and revenue information

For purposes of resource allocation and assessment of segment performance, the Group's Chief Operating Decision Makers ("CODM") have focused on the business operating units which in turn are segregated based on the type of services supplied. This forms the basis of identifying the segments of the Group under SFRS(I) 8 *Operating Segments*. The CODM comprises the Group's Chief Executive Officer and the Executive Directors.

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristics, such as long-term average gross margins, and are similar in respect of the nature of services and processes, type of customers, and if applicable, the nature of the regulatory environment.

For management purposes, the Group is currently organised into two operating segments:

- Engineering, Procurement and Construction ("EPC") - provision of engineering, procurement and construction services relating to water and waste management and air pollution control.
- Operations and Maintenance ("O&M") - provision of operations and maintenance services relating to water and waste management.

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4.1. Reportable segments

Segment revenue and results

	Group	
	6 months ended	6 months ended
	31 Mar 2024	31 Mar 2023
	S\$'000	S\$'000
Revenue - EPC	67,224	56,268
Revenue - O&M	12,671	11,140
Total revenue	<u>79,895</u>	<u>67,408</u>
Gross profit - EPC	7,793	6,454
Gross profit - O&M	1,241	2,519
Total gross profit	<u>9,034</u>	<u>8,973</u>
Unallocated corporate expenses	(4,903)	(4,507)
Depreciation	(1,070)	(879)
Interest income	72	56
Finance costs	(1,098)	(334)
Profit before tax	<u>2,035</u>	<u>3,309</u>
Income tax	(695)	(469)
Profit for the period	<u>1,340</u>	<u>2,840</u>

	Group	
	12 months ended	12 months ended
	31 Mar 2024	31 Mar 2023
	S\$'000	S\$'000
Revenue - EPC	108,118	88,115
Revenue - O&M	22,433	18,313
Total revenue	<u>130,551</u>	<u>106,428</u>
Gross profit - EPC	14,107	11,354
Gross profit - O&M	2,132	2,887
Total gross profit	<u>16,239</u>	<u>14,241</u>
Unallocated corporate expenses	(8,842)	(7,180)
Depreciation	(1,874)	(1,697)
Interest income	156	74
Finance costs	(1,668)	(427)
Profit before tax	<u>4,011</u>	<u>5,011</u>
Income tax	(1,057)	(835)
Profit for the year	<u>2,954</u>	<u>4,176</u>

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Geographical segments

The Group's information about the segment revenue by geographical location is detailed below:

	Group	
	Revenue	
	6 months ended 31 Mar 2024	6 months ended 31 Mar 2023
	S\$'000	S\$'000
Singapore	78,231	67,010
Myanmar	1,664	288
Malaysia	-	110
Total revenue	79,895	67,408

	Group	
	Revenue	
	12 months ended 31 Mar 2024	12 months ended 31 Mar 2023
	S\$'000	S\$'000
Singapore	127,631	105,440
Myanmar	2,914	878
Malaysia	6	110
Total revenue	130,551	106,428

The Group's information about the segment non-current assets by geographical location is detailed below:

	Group	
	Non-current assets	
	As at 31 Mar 2024	As at 31 Mar 2023
	S\$'000	S\$'000
Singapore	22,569	9,490
Myanmar	59	114
Malaysia	51	32
Total non-current assets	22,679	9,636

4.2. Disaggregation of revenue

	Group	
	12 months ended 31 Mar 2024	12 months ended 31 Mar 2023
	S\$'000	S\$'000
Over time:		
EPC	108,496	88,115
O&M	22,055	18,313
Total revenue	130,551	106,428

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A breakdown of sales:

	Group		
	12 months ended 31 Mar 2024	12 months ended 31 Mar 2023	% + / (-)
Sales reported for the first half year	50,656	39,020	29.8
Operating profit after tax before deducting non-controlling interests reported for the first half year	1,614	1,336	20.8
Sales reported for the second half year	79,895	67,408	18.5
Operating profit after tax before deducting non -controlling interests reported for the second half year	1,340	2,840	(52.8)

5. Financial instruments

The following table sets out the financial assets and liabilities as at the end of the reporting period:

	Group		Company	
	As at 31 Mar 2024 S\$'000	As at 31 Mar 2023 S\$'000	As at 31 Mar 2024 S\$'000	As at 31 Mar 2023 S\$'000
Financial assets				
- amortised cost	27,310	35,155	2,150	184
Financial liabilities				
- amortised cost	82,270	56,098	230	229
- lease liabilities	2,544	1,345	-	-

5.1. Fair value of financial assets and liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. Management is of the view that the carrying amounts of borrowings and lease liabilities approximate their respective fair values as the interest rates approximate the prevailing market rates.

The Group and the Company have no financial assets and financial liabilities that are measured at fair value on a recurring basis.

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6. Profit before taxation

6.1 Significant items

	Group 6 Months			Group 12 Months		
	1 Oct 2023 to 31 Mar 2024	1 Oct 2022 to 31 Mar 2023	+ / (-)	1 Apr 2023 to 31 Mar 2024	1 Apr 2022 to 31 Mar 2023	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Income						
Government grant income	44	73	(39.7)	131	453	(71.1)
Interest income	72	56	28.6	156	74	>100.0
Expenses						
Depreciation of property, plant and equipment	(947)	(708)	33.8	(1,606)	(1,340)	19.9
Depreciation of right-of-use assets	(123)	(171)	(28.1)	(268)	(357)	(24.9)
Net gain/(loss) on foreign exchange	66	11	>100.0	(24)	(90)	(73.3)
Interest expense	(1,098)	(334)	>100.0	(1,668)	(427)	>100.0

6.2. Related party transactions

There were no material related party transactions during FY2024 and FY2023.

7. Income tax expenses

The Group calculates income tax expenses for the financial year using the tax rates prevailing in the relevant jurisdiction. The major components of income tax expenses in the condensed interim consolidated statement of comprehensive income are:

	Group			
	6 months ended 31 Mar 2024	6 months ended 31 Mar 2023	12 months ended 31 Mar 2024	12 months ended 31 Mar 2023
	S\$'000	S\$'000	S\$'000	S\$'000
Current tax expense	373	486	735	826
Deferred tax	146	-	146	(56)
Under/(Over) provision of current tax in prior years	176	(17)	176	65
Income tax expense	695	469	1,057	835

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8. Dividend

	Group	
	Year Ended	
	31 March 2024	31 March 2023
	S\$'000	S\$'000
Dividends paid in respect of the preceding financial year		
First and final dividend of 0.768 cents per ordinary share for FY2023 (FY2022: 0.375 cents)	2,046	999

9. Net asset value

Net asset value 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 2024	As at 31 Mar 2023	As at 31 Mar 2024	As at 31 Mar 2023
Net asset value per share (cents)	12.00	11.68	8.90	8.16
Net asset value attributable to owners of the Company (S\$'000)	31,960	31,108	23,704	21,735
Number of ordinary shares used	266,432,113	266,432,113	266,432,113	266,432,113

10. Earnings per share

Earnings per ordinary share excluding treasury shares 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		Group	
	6 months ended	6 months ended	12 months ended	12 months ended
	31 Mar 2024	31 Mar 2023	31 Mar 2024	31 Mar 2023
Profit attributable to owners of the Company (S\$'000)	1,301	2,866	2,922	4,349
Weighted average number of ordinary shares	267,646,490	267,646,490	267,646,490	267,646,490
Earnings per share (basic and diluted) (cents)	0.49	1.07	1.09	1.62

The basic and diluted loss per share and earnings per share are the same as there were no potentially dilutive ordinary shares in issue as at 31 March 2024 and 31 March 2023.

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11. Property, plant and equipment

During FY2024, the Group acquired assets amounting to S\$19,250,000 (FY2023: S\$1,198,000) and write off of assets with net book value amounting to S\$32,000 (FY2023: Nil).

12. Investment in subsidiaries

	Company	
	As at	As at
	31 Mar 2024	31 Mar 2023
	S\$'000	S\$'000
Unquoted equity shares, at cost	21,755	21,755

Details of the Group's subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation and operation	Effective equity interest of the Group	
			As at	As at
			31 Mar 2024	31 Mar 2023
			%	%
Sanli M&E Engineering Pte. Ltd.	Engineering, procurement and construction solutions and services in the field of water and waste management.	Singapore	100	100
Sanli M&E Engineering Sdn. Bhd.	Project management, contracting and M&E engineering services in the water treatment industry.	Malaysia	100	100
Sanli E&C Pte. Ltd.	Engineering, procurement and construction solutions and services in the field of water and waste management.	Singapore	100	100
Sanli Environmental (Myanmar) Co. Ltd.	Engineering, procurement and construction solutions and services in the field of water and waste management.	Myanmar	60	60
Link Control Co. Ltd.	Business support and administrative activities.	Myanmar	21	21
Enviro Plant & Engineering Pte. Ltd.	General contractors and environmental engineering design and consultancy services	Singapore	100	100
Mag Chemical Pte. Ltd.	Manufacture of water treatment, waste treatment and oilfield chemicals	Singapore	100	100

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Name of subsidiary	Principal activities	Country of incorporation and operation	Effective equity interest of the Group	
			As at 31 Mar 2024	As at 31 Mar 2023
			%	%
Sanli-Engreen Co., Ltd.	Engineering, procurement and construction solutions and services in solar power generation systems.	Thailand	51**	-*

* Incorporated on 30 November 2023

** Includes shares under contractual arrangement with the shareholder

13. Borrowings

	Group			
	As at 31 Mar 2024		As at 31 Mar 2023	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand				
Borrowings	27,826	-	11,414	-
Lease liabilities	157	-	41	247
Amount repayable after one year				
Borrowings	11,148	-	2,802	-
Lease liabilities	2,387	-	985	72
Total	41,518	-	15,242	319

Details of collateral:

Bank borrowings are secured by bank deposits, mortgages of leasehold properties, corporate guarantees from the Company and securities assignment.

Lease liabilities are secured by lessors' title to the leasehold properties.

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14. Share capital

14.1 Details of any changes in the Company's issued share capital (excluding treasury shares)

	Group and Company			
	As at 31 Mar 2024	As at 31 Mar 2023	As at 31 Mar 2024	As at 31 Mar 2023
	Number of ordinary shares ('000)		S\$'000	
Issued and paid up:				
At beginning and end of financial year	266,432	266,432	21,297	21,297

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

The Company does not hold any convertible instruments as at 31 March 2024 and 31 March 2023.

The Company's subsidiaries do not hold any shares in the Company as at 31 March 2024 and 31 March 2023.

14.2 Details of any changes in the Company's treasury shares

	Group and Company			
	As at 31 Mar 2024	As at 31 Mar 2023	As at 31 Mar 2024	As at 31 Mar 2023
	Number of ordinary shares ('000)		S\$'000	
Treasury shares	2,226	2,226	165	165
Percentage of treasury shares against total number of issued shares	0.84%	0.84%	-	-

15. Subsequent events

On 17 April 2024, the disposal of property located at 15 Kian Teck Drive has completed. Please refer to the Company's announcements dated 17 July 2023 and 17 April 2024 for more information.

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OTHER INFORMATION PURSUANT TO APPENDIX 7C OF THE CATALIST RULES

1. Whether the figures have been audited or reviewed and in accordance with which auditing standard

The condensed interim consolidated statement of financial position of the Group and the condensed interim statement of financial position of the Company as at 31 March 2024, and the condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows of the Group and the condensed interim statement of changes in equity of the Company for the six months period and full year ended 31 March 2024, and certain explanatory notes have not been audited or reviewed by the Company's auditors.

2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The Group's latest audited financial statements for the financial year ended 31 March 2023 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the Company's auditors.

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3. 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.

3.1 Review of the Group's financial performance

Revenue

2H2024 vs 2H2023

Revenue saw a notable increase of S\$12.5 million or 18.5% from S\$67.4 million in 2H2023 to S\$79.9 million in 2H2024.

The increase was attributed to:

- i. The Engineering, Procurement, and Construction ("EPC") segment experienced a significant rise of S\$11.0 million or 19.5%, from S\$56.3 million to S\$67.2 million. This surge was primarily fuelled by the execution of new projects initiated in the previous year.
- ii. The Operations and Maintenance ("O&M") segment also experienced a notable increase, with a rise of S\$1.5 million or 13.7% from S\$11.1 million to S\$12.7 million. This upswing was driven by the successful completion of a higher volume of O&M orders during the financial period.

FY2024 vs FY2023

Revenue surged by S\$24.1 million or 22.7% from S\$106.4 million in FY2023 to S\$130.6 million in FY2024.

This increase is attributed to:

- i. The EPC segment saw a significant rise of S\$20.0 million or 22.7%, from S\$88.1 million to S\$108.1 million. This growth was driven by the execution of new projects initiated in the previous year.
- ii. The O&M segment also experienced growth, with an increase of S\$4.1 million or 22.5% from S\$18.3 million to S\$22.4 million. This rise was propelled by the completion of more O&M orders throughout the financial year.

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Cost of contract works, gross profit and gross profit margin

2H2024 vs 2H2023

Cost of contract works increased by S\$12.4 million or 21.3% from S\$58.4 million in 2H2023 to S\$70.8 million in 2H2024, attributable to the following:

- i. An increase in the cost of contract works by S\$9.6 million or 19.3% from the EPC segment, aligning with the rise in EPC revenue.
- ii. An increase in the cost of contract works by S\$2.8 million or 32.6% from the O&M segment, primarily driven by the increase in O&M revenue, as well as higher material costs stemming from market fluctuations and supply chain challenges.

Gross profit increased marginally by S\$0.1 million or 0.7%. This increase was primarily driven by higher revenue. However, it was partially offset by a decrease in gross profit margin from the O&M segment.

Consequently, the overall gross profit margin decreased from 13.3% in 2H2023 to 11.3% in 2H2024, primarily influenced by the performance of the O&M segments.

FY2024 vs FY2023

Cost of contract works increased by S\$22.1 million or 24.0% from S\$92.2 million in FY2023 to S\$114.3 million in FY2024, with the following breakdown:

- i. An increase in the cost of contract works by S\$17.2 million or 22.5% from the EPC segment, in line with the increase in revenue.
- ii. An increase in the cost of contract works by S\$4.9 million or 31.6% from the O&M segment, primarily driven by the increase in O&M revenue, as well as higher material costs stemming from market fluctuations and supply chain challenges.

Gross profit increased by S\$2.0 million or 14.0% from S\$14.2 million in FY2023 to S\$16.2 million in FY2024, driven by higher revenue. However, the overall gross profit margin decreased from 13.4% in FY2023 to 12.4% in FY2024, mainly due to the performance of the O&M segments which faced higher costs, resulting in a lower profit margin.

Other income

2H2024 vs 2H2023

Other income increased by S\$15,000 or 4.4% from S\$0.3 million in 2H2023 to S\$0.4 million in 2H2024, primarily driven by rental income generated from the dormitory facilities at 22 Chin Bee Drive. However, this increase was partially offset by a reduction in government grants and incentives received in 2H2024.

FY2024 vs FY2023

Other income decreased by S\$0.2 million or 30.8% from S\$0.8 million in FY2023 to S\$0.6 million in FY2024. This decline was primarily attributed to lower government grants and incentives received under the Jobs Support Scheme. However, an increase in rental income from dormitory facilities provided some offset to this decrease.

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Administration expenses

2H2024 vs 2H2023

Administrative expenses rose by S\$0.4 million or 9.1% from S\$4.8 million in 2H2023 to S\$5.2 million in 2H2024. This increase primarily stems from higher staff-related costs, including staff salaries, property tax, and legal and professional fees associated with new business diversification initiatives.

FY2024 vs FY2023

Administrative expenses increased by S\$1.4 million or 18.0% from S\$7.8 million in FY2023 to S\$9.2 million in FY2024, driven by similar factors as mentioned above. This includes higher staff-related costs, such as staff salaries, property tax, legal and professional fees for new business diversification, along with the inclusion of short-term office rental expenses in FY2024.

Other operating expenses

2H2024 vs 2H2023

Other operating expenses increased by S\$0.1 million or 16.9% from S\$0.9 million in 2H2023 to S\$1.0 million in 2H2024. This rise was mainly due to the increase in depreciation of property, plant, and equipment for the financial period, primarily driven by the newly acquired building at 22 Chin Bee Drive.

FY2024 vs FY2023

Other operating expenses increased by S\$0.1 million or 6.3% from S\$1.8 million in FY2023 to S\$1.9 million in FY2024 attributed to the same reason as mentioned above.

Finance costs

2H2024 vs 2H2023

Finance costs increased by S\$0.8 million from S\$0.3 million in 2H2023 to S\$1.1 million in 2H2024. This significant rise was mainly attributable to higher property loan interest for the newly acquired property at 22 Chin Bee Drive. Additionally, finance costs were driven by short-term bank borrowings utilised primarily to fund major EPC and O&M projects.

FY2024 vs FY2023

Finance costs increased by S\$1.3 million from S\$0.4 million in FY2023 to S\$1.7 million in FY2024 for the same reason as above.

Profit for the period/year

As a result of the above, the Group's profit after tax for 2H2024 and FY2024 were S\$1.3 million and S\$3.0 million, respectively.

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3.2. Review of the Group's financial position

Current assets

Current assets increased from S\$85.3 million as at 31 March 2023 to S\$95.0 million as at 31 March 2024, primarily driven by the following factors:

Contract Assets increased from S\$46.5 million to S\$62.1 million during the financial year, primarily driven by significant progress made in various sizable government infrastructure projects towards the end of FY2024. Billings for these projects were subsequently made in the following year, based on completion milestones.

Trade and Other Receivables rose from S\$19.0 million to S\$20.8 million, in line with the revenue increase in FY2024.

Cash and Cash Equivalents decreased from S\$19.8 million to S\$6.4 million is attributed to increased cash used in operating activities. This was driven by intensified project commitments and progress, which required higher upfront payments to suppliers for project execution.

Assets Held for Sale was recorded in FY2024 due to the reclassification of two properties held for sale that were pending completion. These properties were previously categorised under property, plant, and equipment, and are now committed to sale, with plans to finalize the sales in the next financial year. The sale of one of the properties has subsequently completed in April 2024.

Non-current assets

Non-current assets increased from S\$9.6 million as of 31 March 2023 to S\$22.7 million as of 31 March 2024. This increase was mainly due to the acquisition of property, 22 Chin Bee Drive, which serves as our new headquarters and includes dormitory facilities. However, this increase was partially offset by depreciation charges to the property, plant, and equipment.

Current liabilities

Current liabilities increased from S\$59.9 million as of 31 March 2023 to S\$71.4 million as of 31 March 2024. This increase primarily stems from the heightened utilisation of bank borrowings, which were instrumental in financing the procurement of contract equipment and materials for our major EPC projects. The escalation in bank borrowings corresponds directly to the rise in the cost of contract works during the financial year.

Non-current liabilities

Non-current liabilities increased from S\$3.9 million as of 31 March 2023 to S\$14.3 million as of 31 March 2024. This increase primarily resulted from the growth of the long-term portion of bank borrowings, which were used to finance the recent acquisition of property, reflecting our strategic investment in growth and infrastructure.

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3.3. Review of the Group's cash flows

FY2024 vs FY2023

Net cash used in operating activities in FY2024 amounted to S\$15.1 million, driven by the operating cash flow before movements in working capital of S\$7.4 million, adjusted for a net cash outflow from working capital changes (including income tax paid) of S\$22.5 million.

The net cash outflow from working capital of S\$22.5 million was a result of several key factors:

- i. A significant increase in contract assets of S\$15.6 million due to substantial progress made towards the end of FY2024 in various projects. This led to billings being deferred to the following financial year, based on completion milestones.
- ii. An increase in trade and other receivables of S\$1.8 million, reflecting the growth in revenue for FY2024.
- iii. A decrease in contract liabilities of S\$5.5 million due to reduced advanced billings.
- iv. Payment of income tax totalling S\$1.0 million.
- v. Partially offset by an increase in trade and other payables of S\$1.4 million, in line with the rise in the cost of contract works.

These combined factors contributed to the net cash outflow from working capital, reflecting our operational and financial activities during the financial year.

Net cash used in investing activities of S\$19.1 million in FY2024 was mainly due to the purchase of property, plant and equipment.

Conversely, net cash generated from financing activities totalled S\$20.8 million, primarily driven by proceeds from bank borrowings. However, this was partially offset by repayments of bank loans and dividend payments.

As a result of the above, there was a net decrease of S\$13.4 million in cash and cash equivalents for FY2024.

4. 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.

5. 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 operating period and the next 12 months.

The Group's revenue rose from S\$106.4 million in FY2023 to S\$130.6 million in FY2024, yet its profit dropped notably from S\$4.2 million to S\$3.0 million. This decline can be attributed to heightened supply chain costs, elevated interest rates, inflationary pressures, and global economic uncertainties.

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We continue to pursue major municipal projects in Singapore, with an order book of S\$315.6 million, which is expected to be completed by 2027. Expanding into manufacturing sector, industrial sectors, and renewable energy sector abroad, our diversification efforts are yielding results. We actively seek partnerships and acquisitions for synergy, while eyeing opportunities like Singapore's S\$100 billion coastal protection plan and significant water infrastructure projects.

Notwithstanding the above, current geopolitical tensions continue to impact on the global economy and cause inflationary pressures, which may have an impact on the operations of the Group.

Expansion into Manufacturing Business

In FY2023, the Group obtained shareholders' approval to establish a manufacturing arm, Mag Chemical Pte. Ltd., for producing magnesium hydroxide slurry, targeting applications in the environmental protection market. This initiative aligns with our strategy to diversify revenue streams and capitalise on green technologies using our existing expertise.

We have initiated operations at our magnesium hydroxide slurry manufacturing plant and are engaging with customers to develop this business further. Additionally, we are actively exploring opportunities to expand the applications of this product and collaborate with experts from various sectors to unlock its full potential.

Expansion into Industrial Sector

In FY2023, the Group further diversified its operations by venturing into the industrial sector through its wholly owned subsidiary, Enviro Plant & Engineering Pte. Ltd. ("EPE"). EPE specialises in providing environmental engineering solutions, including water and wastewater treatment, air pollution control, and solid waste management, to industrial plants in Singapore and Southeast Asia.

We are delighted to announce that EPE successfully secured its first project during the financial year and is progressing according to schedule.

Update on Sanli Myanmar

Sanli Environmental (Myanmar) Company Limited ("Sanli Myanmar") is a 60%-owned subsidiary of the Group which offers Engineering, Construction, and Water & Building Related Services in Myanmar. Despite a stabilised operating environment following the easing of domestic and international travel restrictions, the political situation in Myanmar remains a hindrance to its growth trajectory. In FY2024, Sanli Myanmar contributed approximately 2.2% of the Group's revenue.

Outlook

The Group will maintain vigilance in managing cash flow, operating costs, and potential business risks amidst the dynamic and uncertain operating environment. Additionally, the Group will actively pursue opportunities arising from the growing demand for water and wastewater treatment and renewable energy solutions, leveraging its engineering expertise, track record, operational excellence, and strong reputation.

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6. Dividend information

6a. Current financial period reported on

Any interim (final) dividend recommended for the current financial period reported on?

The Directors are pleased to recommend a final dividend of 0.327 Singapore cents per share for FY2024 (the "Dividend"). The Dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company to be held in July 2024 (the "AGM").

Name of dividend	Final
Dividend type	Cash
Dividend amount per ordinary share	0.327 Singapore cents
Tax rate	One tier tax exempt

The final dividend payout for FY2024 would constitute 29.8% of net profit after tax attributable to owners of the Company in FY2024.

6b. Corresponding period of the immediate preceding financial year

Any interim (final) dividend declared for the corresponding period of the immediately preceding financial year?

Name of dividend	Final
Dividend type	Cash
Dividend amount per ordinary share	0.768 Singapore cents
Tax rate	One tier tax exempt

The final dividend for FY2023 constitutes 47.0% of net profit after tax attributable to owners of the Company in FY2023 and was paid on 31 August 2023.

6c. Date payable

Subject to shareholders' approval of the dividend at the AGM, the payment date for the dividend will be announced at a later date.

6d. Date on which registrable transfers received by the Company will be registered before entitlements to the dividend are determined

Subject to shareholders' approval of the Dividend at the AGM, the record date for determining shareholders' entitlement to the Dividend will be announced at a later date.

7. If no dividend has been declared/recommended, a statement to that effect.

Not applicable.

8. Interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions. There were no interested person transactions of S\$100,000 or more for the full year ended 31 March 2024.

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9. Disclosure of acquisitions (including incorporations) and realisations of shares since the end of the previous reporting period pursuant to Rule 706A of the Catalist Rules

The Company incorporated the following subsidiary during FY2024:

Name of the entity	:	Sanli-Engreen Co. Ltd. (“Sanli-Engreen”)
Incorporation date	:	30 November 2023
Country of incorporation	:	Thailand
Principal activity	:	Engineering, procurement and construction solutions and services in solar power generation systems
Issued and paid-up shares capital	:	Issued capital of THB 1,000,000 and paid-up share capital of THB 250,000
Shareholders of the entity and their respective shareholdings	:	Sanli M&E Engineering Pte Ltd owns 49%, Engreen FA & Asset Wise Co., Ltd owns 49%, and Miss Warunee Benjathammakun owns 2%.
Directors of the entity	:	Mr. Tan Thean Seang and Mr. Anek Govittavipat

The incorporation of Sanli-Engreen was funded through internal resources and did not have any material impact on the earnings per share or net tangible assets of the Company for FY2024.

Save as disclosed above, the Group does not have any acquisitions (including incorporations) and realisations of shares during 2H2024.

10. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

11. 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) of the Catalist Rules. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Catalist Rules, the Company confirms that during FY2024 and up to the date hereof, there has not been any person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

On behalf of the Board of Directors

Sim Hock Heng
Chief Executive Officer
24 May 2024