



SANLI ENVIRONMENTAL LIMITED

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Media Release

Sanli Environmental 1H2024 net profit jumps 20.8% to S\$1.6 million

- **1H2024 revenue grew 29.8% to S\$50.7 million correspondingly**
- **Current orderbook stands at S\$325 million and is expected to be completed by early 2027**
- **Entered industrial sector with S\$4.57 million contract for designing, fabricating and installing an Air Scrubber Process Exhaust System for a semiconductor company in Singapore**

SINGAPORE, 14 November 2023 – SGX-Catalist listed Sanli Environmental Limited (“**Sanli**”, “the **Company**”, “三立环境有限公司” and together with its subsidiaries, the “**Group**”), one of Singapore’s leading environmental engineering companies, is pleased to announce that for the six months ended 30 September 2023 (“**1H2024**”), it has achieved a net profit after tax of S\$1.6 million, which is a 20.8% increase from S\$1.3 million for the six months ended 30 September 2022 (“**1H2023**”).

Mr Sim Hock Heng, Chief Executive Officer of Sanli commented: “*We are back on our steady growth track with the normalisation of business activities back to pre-COVID-19 pandemic levels. We are also making progress in our foray into the industrial sector, clinching a S\$4.57 million contract. Furthermore, the consolidation of our business units at our new Chin Bee headquarters will generate greater operating synergies and cost savings, while addressing our foreign manpower housing needs. Our orderbook currently stands at S\$325 million and is expected to be completed by early 2027.*”

Financial Highlights

	1H2024		
S\$'m	1H2024	1H2023	Change
Revenue	50.7	39.0	29.8%
Gross Profit	7.2	5.3	36.8%
Gross Profit Margin	14.2%	13.5%	0.7 ppt
Net Profit after Tax	1.6	1.3	20.8%

The Group's 1H2024 revenue jumped 29.8% to S\$50.7 million from S\$39.0 million in 1H2023. Gross profit rose by 36.8% to S\$7.2 million in 1H2024, from S\$5.3 million in 1H2023, mainly due to higher revenue and higher gross profit margin from both Engineering, Procurement and Construction ("EPC") and Operations and Maintenance ("O&M") business segments. Gross profit margin rose 0.7 percentage point to 14.2% in 1H2024 from 13.5% in 1H2023.

Segmental Revenue

Revenue (S\$'m)	1H2024	1H2023	% Change
Engineering, Procurement and Construction	40.9	31.8	28.4
Operations and Maintenance	9.8	7.2	36.1
Total	50.7	39.0	29.8

Revenue from the EPC segment rose 28.4% to S\$40.9 million in 1H2024 (1H2023: S\$31.8 million) mainly due to the contribution from larger projects, and the O&M segment achieved a revenue increase of 36.1% to S\$9.8 million in 1H2024 (1H2023: S\$7.2 million) as more O&M contracts were secured.

Profit attributable to shareholders was S\$1.6 million for 1H2024, an increase of 9.3% from S\$1.5 million in 1H2023, with an earnings per share of 0.61 Singapore cents for 1H2024 (1H2023: 0.55 Singapore cents)¹.

¹ Earnings per share is calculated based on the weighted average number of ordinary shares of 266,432,113 for 1H2024 and 1H2023.

As at 30 September 2023, the Group's financial position remains resilient with a net asset value of S\$30.7 million (31 March 2023: S\$31.1 million). This translates into a net asset value per share of 11.51 Singapore cents as at 30 September 2023, compared to 11.68 Singapore cents as at 31 March 2023².

Business Outlook

With the normalisation of the Group's business activities back to pre-COVID-19 pandemic levels, the Group's revenue recorded higher contributions from its EPC and O&M segments. The Group will continue to bid for major municipal projects in Singapore, while executing projects in its orderbook. The Group's orderbook currently stands at S\$325 million and is expected to be completed by early 2027.

While continuing to tender for larger-scale projects that leverage its engineering expertise and strong track record, the Group will also continue its expansion into the manufacturing and industrial sectors, while exploring opportunities for partnerships, joint ventures or mergers and acquisitions to further boost its growth. However, current geo-political tensions continue to impact the global economy and cause inflationary pressures, which may have an impact on the operations of the Group.

Consolidation of Operations

The Group's recent acquisition of 22 Chin Bee Drive, Singapore 619870 (the "**Property**"), with a total gross floor area of approximately 120,653 square feet, will allow it to streamline its corporate office and workshops while providing a centralised accommodation solution for its foreign workforce.

The Property features a 4-storey height single user factory, a 6-storey ancillary office, and a 5-storey annex building with a workers' dormitory equipped to house up to 270 foreign workers. This will allow the Group to effectively address the dormitory shortage that previously hampered its operations. The Group will also consolidate its O&M workshop and magnesium hydroxide slurry manufacturing operations at the Property and this will ultimately boost management oversight of all the Group's business units, increase

² Net asset value per share is calculated based on 266,432,113 ordinary shares as at 30 September 2023 and 2022.

operational efficiencies, lower overall operating costs, and reduce reliance on third-party dormitory facilities.

Expansion into Industrial Sector

The Group's wholly owned subsidiary Enviro Plant & Engineering Pte. Ltd. ("**EPE**") has made initial forays into the industrial sector as part of the Group's diversification efforts. EPE is positioned as an environmental engineering solutions provider for water and wastewater treatment, air pollution control and solid waste management to the industrial plant sector in Singapore and Southeast Asia.

In 1H2024, EPE secured a S\$4.57 million contract for designing, fabricating and installing an Air Scrubber Process Exhaust System for a semiconductor company in Singapore, and the project is scheduled for completion by April 2024.

Diversification into Manufacturing Business

The Group manufactures and sells magnesium hydroxide slurry³ under its wholly-owned subsidiary Mag Chemical Pte. Ltd. ("**MagChem**"). MagChem has been proactively engaging potential customers to explore business opportunities and expand its market presence by actively participating in exhibitions in Singapore and in the Southeast Asia region.

The magnesium slurry manufacturing business is part of the Group's diversification strategy to extend its revenue base by capitalising on opportunities in green technologies that can utilise its existing knowledge and expertise.

Update on Sanli Myanmar

Sanli Environmental (Myanmar) Company Limited ("**Sanli Myanmar**") is a 60% owned subsidiary of the Group, which provides Engineering, Construction and Water & Building Related Services in Myanmar.

³ The Group manufactures magnesium hydroxide slurry from brucite mineral and sells the slurry to customers in the water and wastewater treatment and marine industries as a neutralising agent and effective sorbent for the removal of heavy metals in wastewater treatment, as well as a liquid absorber for flue gas desulphurization.

Although Sanli Myanmar's operating environment has relatively stabilised, the overall political situation in Myanmar continues to dampen its growth. For 1H2024, Sanli Myanmar contributed approximately 2.5% of the Group's revenue (1H2023: 1.5%).

Despite the uncertain macro-economic environment and inflationary pressures, the Group continues to be hopeful that current geopolitical tensions will improve and that the global economy and industries will stabilise in the longer term. Barring any unforeseen circumstances, the Group remains cautiously optimistic for the financial year ending 31 March 2024.

End.

Note: This media release is to be read in conjunction with the Company's financial statement for the six months ended 30 September 2023 announced on the same date on the SGXNet.

About Sanli Environmental Limited

Listed in 2017 on the SGX-Catalist, Sanli Environmental Limited ("Sanli") is an environmental engineering company in the field of water and waste management. Sanli's 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's business is divided into three business segments.

1. The Engineering, Procurement and Construction segment provides engineering, procurement and construction services within the field of water and waste management including process upgrading of existing water treatment plants, upgrading of pumping station capacities, replacement of aged mechanical and electrical equipment, and design and build of various treatment process systems.
2. The Operations and Maintenance segment provides corrective and preventive maintenance services relating to water and waste management to ensure reliability and minimal disruptions to its customers' operations.
3. The Chemical segment manufactures and sells magnesium hydroxide slurry to customers in the wastewater treatment and marine industries.

Backed by its strong engineering capabilities, Sanli has the ability to integrate mechanical, electrical and process engineering expertise to provide customised, cost- and time-efficient integrated engineering solutions and services to its customers.

For more information, please visit <https://www.sanli.com.sg/>

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