



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

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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.

The contact person for the Sponsor is Ms Lee Khai Yinn (Tel: 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

Sanli Environmental Limited
Condensed Interim Financial Statements
For the Six Months Ended 30 September 2024 (“1H2025”)

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		+ / (-)
		30 Sept 2024	30 Sept 2023	
		S\$'000	S\$'000	%
Revenue	4	74,509	50,656	47.1
Cost of contract works		(66,503)	(43,451)	53.1
Gross profit		8,006	7,205	11.1
Other income		1,061	194	>100.0
Administrative expenses		(4,269)	(3,970)	7.5
Other operating expenses		(1,294)	(883)	46.5
Finance costs		(1,081)	(570)	89.6
Profit before tax	6	2,423	1,976	22.6
Income tax expense	7	(681)	(362)	88.1
Profit for the period		1,742	1,614	7.9
Other comprehensive income, net of tax:				
Exchange differences on translation of foreign operations		54	(16)	N.M.
Total comprehensive income for the period		1,796	1,598	12.4
Profit (loss) for the period attributable to:				
Owners of the Company		1,722	1,621	6.2
Non-controlling interests		20	(7)	N.M.
		1,742	1,614	7.9
Total comprehensive income (loss) for the period attributable to:				
Owners of the Company		1,765	1,605	10.0
Non-controlling interests		31	(7)	N.M.
		1,796	1,598	12.4

N.M.: Not Meaningful

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B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		As at 30 Sept 2024 S\$'000	As at 31 Mar 2024 S\$'000	As at 30 Sept 2024 S\$'000	As at 31 Mar 2024 S\$'000
ASSETS					
Current assets					
Cash and cash equivalents		6,583	6,431	97	17
Trade and other receivables		24,438	20,779	1,180	2,162
Contract assets		60,358	62,085	-	-
		91,379	89,295	1,277	2,179
Assets classified as held for sale		3,826	6,625	-	-
Total current assets		95,205	95,920	1,277	2,179
Non-current assets					
Property, plant and equipment	11	18,208	19,637	-	-
Right-of-use assets		2,528	2,068	-	-
Investment in subsidiaries	12	-	-	21,755	21,755
Deferred tax assets		54	57	-	-
Total non-current assets		20,790	21,762	21,755	21,755
Total assets		115,995	117,682	23,032	23,934
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	13	37,033	27,826	-	-
Trade and other payables		32,391	42,749	242	230
Contract liabilities		210	106	-	-
Lease liabilities	13	245	115	-	-
Income tax payable		723	548	-	-
		70,602	71,344	242	230
Liabilities directly associated with assets classified as held for sale		690	985	-	-
Total current liabilities		71,292	72,329	242	230
Non-current liabilities					
Borrowings	13	9,247	11,148	-	-
Lease liabilities	13	1,716	1,444	-	-
Provisions		547	547	-	-
Deferred tax liabilities		198	198	-	-
Total non-current liabilities		11,708	13,337	-	-

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	Note	Group		Company	
		As at 30 Sept 2024 S\$'000	As at 31 Mar 2024 S\$'000	As at 30 Sept 2024 S\$'000	As at 31 Mar 2024 S\$'000
Capital, reserves and non-controlling interests					
Share capital	14	21,297	21,297	21,297	21,297
Treasury shares	14	(119)	(165)	(119)	(165)
Translation reserves		(189)	(226)	-	-
Merger reserves		(6,755)	(6,755)	-	-
Capital reserves		531	521	10	-
Retained earnings		18,143	17,288	1,602	2,572
Equity attributable to owners of the Company		32,908	31,960	22,790	23,704
Non-controlling interests		87	56	-	-
Total equity		32,995	32,016	22,790	23,704
Total liabilities and equity		115,995	117,682	23,032	23,934

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C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group	Share capital	Treasury shares	Capital reserves	Merger 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)	521	(6,755)	(202)	16,412	31,108	19	31,127
Total comprehensive income (loss) for the period									
Profit (loss) for the period	-	-	-	-	-	1,621	1,621	(7)	1,614
Other comprehensive loss for the period	-	-	-	-	(16)	-	(16)	-	(16)
Total	-	-	-	-	(16)	1,621	1,605	(7)	1,598
Transaction with owners, recognised directly in equity:									
Dividends paid to the owners of the Company	-	-	-	-	-	(2,046)	(2,046)	-	(2,046)
Balance as at 30 September 2023	21,297	(165)	521	(6,755)	(218)	15,987	30,667	12	30,679
Balance as at 1 April 2024	21,297	(165)	521	(6,755)	(226)	17,288	31,960	56	32,016
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	1,722	1,722	20	1,742
Other comprehensive income for the period	-	-	-	-	37	6	43	11	54
Total	-	-	-	-	37	1,728	1,765	31	1,796
Transaction with owners, recognised directly in equity:									
Dividends paid to the owners of the Company	-	-	-	-	-	(873)	(873)	-	(873)
Share option	-	46	10	-	-	-	56	-	56
	-	46	10	-	-	(873)	(817)	-	(817)
Balance as at 30 September 2024	21,297	(119)	531	(6,755)	(189)	18,143	32,908	87	32,995

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Company	Share capital S\$'000	Treasury shares S\$'000	Capital reserves S\$'000	Retained earnings S\$'000	Total S\$'000
Balance as at 1 April 2023	21,297	(165)	-	603	21,735
Total comprehensive profit for the period:					
Profit for the period	-	-	-	2,001	2,001
Transaction with owners, recognised directly in equity:					
Dividends paid to the owners of the Company	-	-	-	(2,046)	(2,046)
Balance as at 30 September 2023	21,297	(165)	-	558	21,690
Balance as at 1 April 2024	21,297	(165)	-	2,572	23,704
Total comprehensive loss for the period:					
Loss for the period	-	-	-	(97)	(97)
Transaction with owners, recognised directly in equity:					
Dividends paid to the owners of the Company	-	-	-	(873)	(873)
Share option	-	46	10	-	56
Balance as at 30 September 2024	21,297	(119)	10	1,602	22,790

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D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	Six months ended 30 Sept 2024	Six months ended 30 Sept 2023
	S\$'000	S\$'000
Operating activities		
Profit before tax	2,423	1,976
Adjustments for:		
Depreciation of property, plant and equipment	1,250	659
Depreciation of right-of-use assets	126	145
Loss on disposal of right-of-use assets	-	215
Gain on disposal of assets classified as held for sale	(480)	-
Share-based payment expenses	56	-
Finance costs	1,081	570
Interest income	(71)	(84)
Exchange differences	54	(15)
Operating cash flows before movements in working capital	4,439	3,466
Trade and other receivables	(3,659)	5,806
Trade and other payables	(9,846)	(18,257)
Contract assets	1,727	4,064
Contract liabilities	104	(4,484)
Cash used in operations	(7,235)	(9,405)
Income tax paid	(503)	(585)
Net cash used in operating activities	(7,738)	(9,990)
Investing activities		
Purchases of property, plant and equipment	(407)	(14,713)
Proceeds from disposal of property, plant and equipment	-	1
Proceeds from disposal of assets classified as held for sale	3,000	-
Interest received	71	84
Net cash from/(used in) investing activities	2,664	(14,628)
Financing activities		
Dividends paid	(873)	(2,046)
Proceeds from borrowings	12,433	20,234
Repayment of borrowings	(5,127)	(403)
Repayment of lease liabilities	(126)	(348)
Interest paid	(1,081)	(570)
Net cash from financing activities	5,226	16,867
Net increase/(decrease) in cash and cash equivalents	152	(7,751)
Cash and cash equivalents at beginning of the financial period	6,431	19,802
Cash and cash equivalents at end of the financial period	6,583	12,051

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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 was 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 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 understanding the changes in the financial position and financial performance of the Group since the last financial statements for the financial year ended 31 March 2024.

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, the functional currency of the Company. All financial information presented in Singapore dollars is rounded to the nearest thousand (\$’000) except otherwise indicated.

2.1 New and revised standards adopted by the Group

The Group and the Company adopted all the new and revised SFRS(I) pronouncements that 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 2024.

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 purposes, the Group’s Chief Operating Decision Makers (“CODM”) have focused on the business operating units which 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 process, 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.
- 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	
	Six months ended 30 Sept 2024	Six months ended 30 Sept 2023
	\$'0000	\$'000
Revenue - EPC	52,720	40,894
Revenue - O&M	21,789	9,762
Total revenue	<u>74,509</u>	<u>50,656</u>
Gross profit - EPC	6,180	6,314
Gross profit - O&M	1,826	891
Total gross profit	<u>8,006</u>	<u>7,205</u>
Unallocated corporate expenses	(3,197)	(3,939)
Depreciation	(1,376)	(804)
Interest income	71	84
Finance costs	(1,081)	(570)
Profit before tax	<u>2,423</u>	<u>1,976</u>
Income tax	(681)	(362)
Profit for the period	<u>1,742</u>	<u>1,614</u>

Geographical segments

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

	Group	
	Revenue	
	Six months ended 30 Sept 2024	Six months ended 30 Sept 2023
	\$'000	\$'000
Singapore	73,262	49,400
Myanmar	1,212	1,250
Malaysia	35	6
Total revenue	<u>74,509</u>	<u>50,656</u>

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

	Group	
	Non-current assets	
	As at 30 Sept 2024	As at 31 Mar 2024
	\$'000	\$'000
Singapore	20,642	21,652
Myanmar	103	59
Malaysia	45	51
Total non-current assets	<u>20,790</u>	<u>21,762</u>

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4.2. Disaggregation of revenue

	Group	
	Six months ended 30 Sept 2024	Six months ended 30 Sept 2023
	\$'000	\$'000
Over time:		
EPC	52,720	40,894
O&M	21,789	9,762
Total revenue	<u>74,509</u>	<u>50,656</u>

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 30 Sept 2024	As at 31 Mar 2024	As at 30 Sept 2024	As at 31 Mar 2024
	\$'000	\$'000	\$'000	\$'000
Financial assets				
- amortised cost	23,357	21,601	1,227	2,150
Financial liabilities				
- amortised cost	79,218	82,270	242	230
- lease liabilities	1,961	1,559	-	-

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		
	Six months ended 30 Sept 2024	Six months ended 30 Sept 2023	+ / (-)
	S\$'000	S\$'000	%
Income			
Gain on disposal of assets classified as held for sale	480	-	N.M.
Government grant income	61	87	(29.9)
Interest income	71	84	(15.5)
Net gain on foreign exchange	84	-	N.M.
Expenses			
Depreciation of property, plant and equipment	(1,250)	(659)	89.7
Depreciation of right-of-use assets	(126)	(145)	(13.1)
Net loss on foreign exchange	-	(90)	N.M.
Interest expense	(1,081)	(570)	89.6

N.M.: Not Meaningful

6.2. Related party transactions

There were no material related party transactions during the 6 months ended 30 September 2024 (“1H2025”) and the 6 months ended 30 September 2023 (“1H2024”).

7. Income tax expense

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

	Group	
	Six months ended 30 Sept 2024	Six months ended 30 Sept 2023
	\$'000	\$'000
Income tax expense for the period	681	362

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8. Dividend

	Group	
	Six months ended 30 Sept 2024	Six months ended 30 Sept 2023
	S\$'000	S\$'000
Dividends paid during the financial period in respect of the preceding financial year	873*	2,046

*First and final dividend of 0.327 cents per share for FY2024 (FY2023: 0.768 cents per share)

9. Net asset value

Net asset value (for the Company and the 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 30 Sept 2024	As at 31 Mar 2024	As at 30 Sept 2024	As at 31 Mar 2024
Net asset value per share (cents)	12.32	12.00	8.53	8.90
Net asset value attributable to owners of the Company (S\$'000)	32,908	31,960	22,790	23,704
Number of ordinary shares used	267,047,113	266,432,113	267,047,113	266,432,113

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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	
	Six months ended 30 Sept 2024	Six months ended 30 Sept 2023
Profit attributable to owners of the Company (S\$'000)	1,722	1,621
Weighted average number of ordinary shares	267,632,271	266,432,113
Earnings per share (basic and diluted) (cents)	0.64	0.61

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 30 September 2024 and 30 September 2023.

11. Property, plant and equipment

During the six-month period ended 30 September 2024, the Group acquired assets amounting to S\$407,000 (30 September 2023: S\$14,713,000) and disposed of assets with net book value amounting to S\$Nil (30 September 2023: S\$1,000).

12. Investment in subsidiaries

	Company	
	As at 30 Sept 2024 \$'000	As at 31 Mar 2024 \$'000
Unquoted equity shares, at cost	21,755	21,755

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12. Investment in subsidiaries (cont’d)

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 30 Sept 2024 %	As at 31 Mar 2024 %
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) Company 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	86*	86*
Enviro Plants & 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
Sanli-Engreen Co., Ltd.	Engineering, procurement and construction solutions and services in solar power generation systems.	Thailand	51*	51*
Sanli Bina (M) Sdn. Bhd.	Comprehensive engineering solutions and waste treatment services.	Malaysia	100	-
WSH360 Solutions Pte. Ltd.	Consultancy and provision of comprehensive safety training programs.	Singapore	100	-
Zaison Energy Pte. Ltd.	Engineering, procurement and construction solutions and services for waste-to-energy gasification projects.	Singapore	65	-

*Include shares under contractual arrangement with the other respective shareholders.

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13. Borrowings

	Group			
	As at 30 Sept 2024		As at 31 Mar 2024	
	Secured	Unsecured	Secured	Unsecured
	S\$’000	S\$’000	S\$’000	S\$’000
Amount repayable in one year or less, or on demand				
Borrowings	37,033	-	27,826	-
Lease liabilities	245	-	115	-
Amount repayable after one year				
Borrowings	9,247	-	11,148	-
Lease liabilities	1,716	-	1,444	-
Total	48,241	-	40,533	-

Details of collaterals:

- i. Bank borrowings are secured by bank deposits, mortgages of leasehold properties, corporate guarantees from the Company and securities assignment.
- ii. Lease liabilities are secured by lessors’ title to the leasehold property and motor vehicle.

14. Share capital

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

	Group and Company			
	As at	As at	As at	As at
	30 Sept 2024	31 Mar 2024	30 Sept 2024	31 Mar 2024
	Number of ordinary shares (’000)		\$’000	\$’000
Issued and paid up:				
At beginning of financial period/year	266,432	266,432	21,297	21,297
Transfer of treasury shares	615	-	-	-
At end of financial period/year	267,047	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 30 September 2024 and 31 March 2024.

The Company’s subsidiaries do not hold any shares in the Company as at 30 September 2024 and 31 March 2024.

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

	Group and Company			
	As at 30 Sept 2024	As at 31 Mar 2024	As at 30 Sept 2024	As at 31 Mar 2024
	Number of ordinary shares ('000)		\$'000	\$'000
At the beginning of the financial period/year	2,226	2,226	165	165
Transfer of treasury shares	(615)	-	-	-
At the end of the financial period/year	<u>1,611</u>	<u>2,226</u>	<u>165</u>	<u>165</u>
Percentage of treasury shares against total number of issued shares (excluding treasury shares and subsidiary holdings)	0.60%	0.84%		

The Company has, on 31 July 2024 and 16 August 2024, transferred an aggregate of 615,000 treasury shares for the purpose of release of share awards granted to eligible participants under the Sanli Performance Share Plan.

15. Subsequent events

There are no known subsequent events that have led to adjustments to this set of condensed interim financial statements.

F. 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 30 September 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 ended 30 September 2024, and certain explanatory notes have not been audited or reviewed by the Company’s auditors.

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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.

The Group's latest audited financial statements for the financial year ended 31 March 2024 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the Company's auditors.

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

Revenue grew by S\$23.8 million or 47.1%, from S\$50.7 million in 1H2024 to S\$74.5 million in 1H2025.

This growth was driven by stronger contributions from both Engineering, Procurement, and Construction ("EPC") and Operations and Maintenance ("O&M") segments. EPC revenue increased by S\$11.8 million or 28.9%, from S\$40.9 million in 1H2024 to S\$52.7 million in 1H2025, primarily supported by larger projects. O&M revenue surged by S\$12.0 million or 123.2% from S\$9.8 million in 1H2024 to S\$21.8 million in 1H2025, reflecting the Group's successful execution of more O&M orders during the period.

Cost of contract works, gross profit and gross profit margin

The cost of contract works increased by S\$23.0 million or 53.1%, from S\$43.5 million in 1H2024 to S\$66.5 million in 1H2025, primarily driven by higher EPC segment costs in line with the increase in revenue. Additionally, the O&M segment experienced higher costs due to increased equipment and direct material expenses, driven by greater demand for spare parts during the period.

Gross profit increased by S\$0.8 million or 11.1%, from S\$7.2 million in 1H2024 to S\$8.0 million in 1H2025, supported by higher revenue from the EPC and O&M segments.

The gross profit margin decreased from 14.2% in 1H2024 to 10.7% in 1H2025, as rising costs outpaced revenue growth during the period with contributions from both the EPC and O&M segments.

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Other income

Other income increased by S\$0.9 million from S\$0.2 million in 1H2024 to S\$1.1 million in 1H2025. This growth was mainly attributed to the completion of the disposal of property at 15 Kian Teck Drive during the financial period, as well as rental income generated from the dormitory at 22 Chin Bee Drive.

Administration expenses

Administrative expenses for 1H2025 increased by S\$0.3 million or 7.5% from S\$4.0 million in 1H2024 to S\$4.3 million in 1H2025, mainly due to higher operating expenses such as staff salary.

Other operating expenses

Other operating expenses rose by S\$0.4 million or 46.5%, from S\$0.9 million in 1H2024 to S\$1.3 million in 1H2025, mainly due to higher depreciation expenses for property, plant, and equipment.

Finance costs

Finance costs increased by S\$0.5 million from S\$0.6 million in 1H2024 to S\$1.1 million in 1H2025 mainly due to increased bank borrowings and higher interest rates.

Profit for the period

As a result of the above factors, the Group’s profit for 1H2025 stood at S\$1.7 million, an increase of S\$0.1 million as compared to 1H2024.

3.2. Review of the Group’s financial position

Current assets

Current assets decreased slightly from S\$95.9 million as at 31 March 2024 to S\$95.2 million as at 30 September 2024. The decrease was mainly due to a decline in contract assets by S\$1.7 million and a reduction in assets classified as held for sale by S\$2.8 million, partially offset by an increase of S\$3.7 million in trade and other receivables, reflecting higher business activity during the period.

Contract assets decreased from S\$62.1 million as at 31 March 2024 to S\$60.4 million as at 30 September 2024, as primarily attributed to progress billings on ongoing projects, as key project milestones were achieved and billed to clients during the financial period.

The decrease in assets classified as held for sale was mainly due to the completion of the disposal of the property located at 15 Kian Teck Drive, Singapore 628832 during the financial period.

The increase in trade and other receivables by S\$3.7 million corresponds with the rise in revenue generated from the EPC and O&M segments.

Non-current assets

Non-current assets decreased from S\$21.8 million as at 31 March 2024 to S\$20.8 million as at 30 September 2024, mainly due to the depreciation incurred on property, plant and equipment during the financial period.

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Current liabilities

Current liabilities decreased from S\$72.3 million as at 31 March 2024 to S\$71.3 million as at 30 September 2024, primarily driven by a reduction in trade and other payables, partially offset by an increase in bank borrowings.

Trade and other payables fell from S\$42.7 million as at 31 March 2024 to S\$32.4 million as at 30 September 2024, reflecting the settlement of suppliers' invoices for major ongoing EPC projects when they became due.

The rise in bank borrowings aligns with the higher costs of contract works incurred during the financial period.

Non-current liabilities

Non-current liabilities decreased from S\$13.3 million as at 31 March 2024 to S\$11.7 million as at 30 September 2024, mainly due to the repayment of the existing bank borrowings.

3.3. Review of the Group's cash flows

Net cash used in operating activities amounted to S\$7.7 million, driven by positive operating cash flows before movements in working capital of S\$4.4 million, adjusted for a net cash outflow from working capital changes of S\$11.6 million and income tax paid of S\$0.5 million.

The net cash outflow from working capital of S\$11.6 million was due to:

- (a) the decrease in trade and other payables of S\$9.8 million, reflecting the settlement of suppliers' invoices for major ongoing EPC projects when they fall due;
- (b) the increase in trade and other receivables of S\$3.6 million, in line with the growth in revenue; partially offset by
- (c) the increase in contract liabilities of S\$0.1 million due to the increase in advance billings; and
- (d) a decrease in contract assets of S\$1.7 million, following the billing of ongoing projects upon the completion of key milestones during the financial period.

Net cash generated from investing activities of S\$2.7 million mainly due to the proceed of S\$3.0 million from the disposal of the property located at 15 Kian Teck Drive, Singapore 628832 and offset by the purchase of property, plant and equipment of S\$0.4 million during the financial period.

Net cash generated from financing activities of S\$5.2 million was due to an increase in bank borrowings of S\$12.4 million, offset by the payment of dividends of S\$0.9 million and the repayment of bank borrowings and lease liabilities with interests of S\$6.3 million.

As a result of the above, there was a net increase of S\$0.2 million in cash and cash equivalents in 1H2025.

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.

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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 by 47.1% to S\$74.5 million in 1H2025, compared to S\$50.7 million in 1H2024. Profit after tax grew by S\$0.1 million to S\$1.7 million in 1H2025, up from S\$1.6 million in 1H2024.

The Group continues to actively bid for major municipal projects in Singapore while executing its existing order book, valued at S\$252 million and targeted for completion by 2027. Alongside larger-scale municipal projects, the Group is expanding its footprint in the manufacturing, industrial, and renewable energy sectors abroad, driven by its engineering expertise and proven track record. To support strategic growth, the Group is also pursuing opportunities through partnerships, joint ventures, and mergers and acquisitions. Additionally, the Group is exploring high-value prospects such as Singapore’s S\$100 billion coastal protection plan and major 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.

Expanding into Industrial Sector

In the financial year ended 31 March 2024, the Group’s wholly-owned subsidiary, Enviro Plant & Engineering Pte. Ltd. (“EPE”), secured its first S\$4.57 million industrial project, involving the design and installation of an Air Scrubber Process Exhaust System for a semiconductor company in Singapore. The project was successfully completed in 1H2025, showcasing EPE’s capabilities and strength to position the Group in the industrial sector. EPE is now focused on exploring new opportunities and expanding its presence in Singapore and Southeast Asia.

Expansion into Manufacturing Business

In 1H2025, the Group’s wholly-owned subsidiary, Mag Chemical Pte. Ltd. (“MagChem”), advanced its magnesium hydroxide slurry business, strengthening customer engagement and market presence through key exhibitions in Singapore and Southeast Asia. While the market remains competitive, MagChem is expanding product applications into green technologies and collaborating with industry partners to enhance performance. These efforts align with the Group’s strategy to diversify revenue streams and support future growth.

Expansion into Renewable Energy

In 1H2025, our newly incorporated subsidiary, Sanli-Engreen Co., Ltd. (“Sanli-Engreen”), completed its first asset-owned solar system in Thailand, which began generating revenue from 1 October 2024. Building on this achievement, Sanli-Engreen has secured a second contract, reinforcing its foothold in Thailand’s renewable energy sector. With strong market potential, we are well-positioned to capitalise on growth opportunities and establish ourselves as a key player in the region’s clean energy market.

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Update on Sanli Myanmar

Sanli Environmental (Myanmar) Company Limited (“Sanli Myanmar”), a 60%-owned subsidiary of the Group, provides engineering, construction, and water-related services in Myanmar. While the operating environment has improved with eased travel restrictions, political challenges continue to impact growth. In 1H2025, Sanli Myanmar contributed approximately 1.6% 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. The Group will also continue to carefully assess potential risks and perform its financial planning when exploring new business or investment opportunities. 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.

6. Dividend information

6a. Current financial period reported on

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

No interim dividend has been declared or recommended for the current financial period under review.

6b. Corresponding period of the immediate preceding financial year

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

No.

6c. Date payable

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended for the financial period ended 30 September 2024 in view of the Group’s operational and financial cash needs.

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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 current financial period under review.

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

Please refer to Company’s announcements dated 8 April 2024, 10 June 2024 and 15 July 2024 for the details on the incorporation of Sanli Bina (M) Sdn. Bhd., Zaison Energy Pte. Ltd. and WSH360 Solutions Pte. Ltd., respectively. Save for that, the Group does not have any acquisitions (including incorporations) and realisations of shares since the end of the previous reporting period.

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. Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules

The Board of Directors of the Company confirms that, to the best of its knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim consolidated financial statements for the six months ended 30 September 2024 (unaudited) to be false or misleading in any material aspect.

On behalf of the Board of Directors

Sim Hock Heng
Chief Executive Officer
14 November 2024