SANLI

GAINING MOMENTUM DRIVING PROGRESS

ANNUAL REPORT 2023

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This annual report has been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "**Sponsor**").

This annual report 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 annual report including the correctness of any of the statements or opinions made, or reports contained in this annual report.

The contact person for the Sponsor is Mr David Yeong (Telephone number: +65 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

GAINING MOMENTUM
DRIVING PROGRESS

The cover conveys a sense of movement and progress. The inclusion of images of Sanli's business highlights the company's engineering expertise, commitment to innovation, and ability to achieve even greater things in the future.

CORPORATE PROFILE

OUR VISION

To be a leading environmental solutions company capable of meeting the needs of tomorrow.

OUR MISSION

To provide reliable and cost-effective total solutions for water and waste management, driven by innovation and executional excellence.

OUR CORE VALUES

Safety First

We believe that no job or task is so important that we can risk our colleagues' and stakeholders' lives for.

Boldness

We dare to step into the unknown to create a better environment for our society.

Be Different

We think out of the box when providing solutions for our clients.

Integrity

We believe that honesty is the best policy to ensure a healthy and long-term relationship between our partners and us.

Unity

We strive together as one family to achieve success.

We are an environmental engineering company in the field of water and waste management. Our 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 Group's operation and markets served are primarily in Singapore with headquarters located at 28 Kian Teck Drive, Singapore 628845.

Our business is divided into two main business segments:

ENGINEERING, PROCUREMENT AND CONSTRUCTION

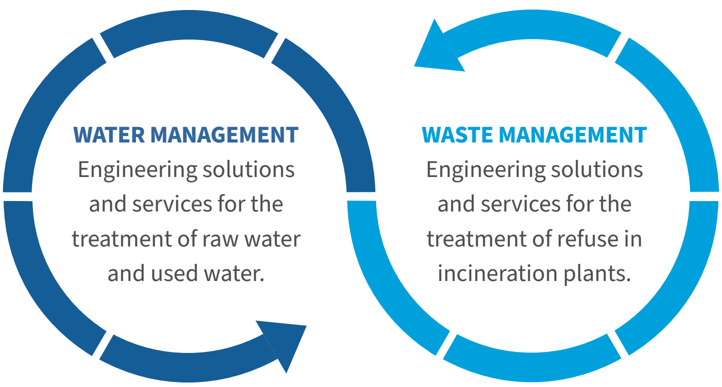
- We provide engineering, procurement and construction services within the field of water and waste management.

- Our services include 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.

OPERATIONS AND MAINTENANCE

- We provide corrective and preventive maintenance services to ensure reliability and minimal disruptions to customers' operations.

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



CHAIRMAN'S MESSAGE

MR NG LIP CHI, LAWRENCE
Non-Executive Chairman and Independent Director

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

I am delighted to present the annual report of Sanli Environmental Limited ("Sanli" or the "Company"), including its subsidiaries (collectively referred to as the "Group"), for the financial year ended 31 March 2023 ("FY2023") on behalf of the Board.

YEAR IN REVIEW

FY2023 was a remarkable year for the Group, marked by the gradual decline of the COVID-19 pandemic, allowing our business activities to return to pre-pandemic levels. Moreover, the Group is making progress in diversifying our operations in the manufacturing and industrial sectors. However, our business in Myanmar faced challenges due to the political instability in the country. The Group's current order book is S$346 million and is expected to be completed by early 2027.

The Group achieved outstanding financial performance in FY2023, with revenue surging by 64.6% to S$106.4 million. The Engineering, Procurement, and Construction ("EPC") segment witnessed a revenue increase of 78.1% to S$88.1 million, benefitting from the industry-wide recovery as the pandemic eased. Additionally, the Operations and Maintenance ("O&M") segment experienced a 20.6% revenue growth, reaching S$18.3 million, as more O&M contracts were successfully fulfilled during the year.

Gross profit rose by 83.4% to S$14.2 million in FY2023 and gross profit margin increased by 1.4 percentage points to 13.4%. This demonstrates our ability to execute larger projects while maintaining healthy operating margins. Sanli's net profit for FY2023 soared by 2.4 times to S$4.2 million.

As of 31 March 2023, the Group's financial position remains robust, with a net asset value of S$31.1 million, translating to a net asset value per share of 11.68 Singapore cents. Furthermore, we have cash and cash equivalents amounting to S$19.8 million.

DIVIDEND

The Board is delighted to recommend a final dividend of 0.768 Singapore cents (or S$0.00768) per ordinary share for FY2023. This proposal is subject to approval by our shareholders at the upcoming Annual General Meeting. The total dividend amount represents approximately 50.0% of the Group's net profit after tax for FY2023.

MAKING INROADS FOR ENVIRONMENTAL ENGINEERING SOLUTIONS

In FY2023, the Group continued its strategic expansion into the industrial sector through its wholly-owned subsidiary, Enviro Plant & Engineering Pte. Ltd. ("EPE"), as part of its ongoing diversification initiatives. EPE specializes in providing comprehensive environmental engineering solutions for industrial clients in Singapore and Southeast Asia, encompassing water and wastewater treatment, air pollution control, and solid waste management. EPE has made progress in establishing its presence, garnering increasing interest among customers for its innovative solutions.

EXPANSION OF MANUFACTURING OPERATIONS

The Group also ventured into the manufacturing sector in FY2023 and set up a magnesium hydroxide slurry batching plant through its wholly-owned subsidiary, Mag Chemical Pte. Ltd.. The Group would like to seize opportunities in green technologies that can leverage its existing knowledge and expertise, as part of its diversification efforts to extend its revenue base. To foster business growth, the Group is proactively engaging potential customers within its network to explore opportunities and expand its presence in the market.

CHAIRMAN'S MESSAGE

MYANMAR UPDATE

The Group's 60%-owned subsidiary, Sanli Environmental (Myanmar) Company Limited ("Sanli Myanmar") provides Engineering, Construction and Water & Building Related Services in Myanmar. Sanli Myanmar contributed approximately 0.8% of the Group's revenue for FY2023. Even as the operating environment of Sanli Myanmar has normalised and Myanmar's domestic and international travel has resumed, the political uncertainty in the country has dampened growth prospects in the near term.

BUSINESS OUTLOOK

The Group anticipates potential challenges stemming from rising geopolitical tensions and a decelerating global economy, which may introduce economic and inflationary headwinds impacting its operations. However, the Group remains focused on capitalising on its competitive advantages, including its stellar engineering expertise, proven track record, operational excellence, and strong reputation. These strengths will enable the Group to secure more significant municipal projects in Singapore and leverage its substantial order book, despite the prevailing macroeconomic uncertainties.

Additionally, the Group will continue to expand its manufacturing and industrial businesses, while actively pursuing opportunities in strategic partnerships, joint ventures, or mergers and acquisitions to further grow its business. Looking further ahead, the Group also expects to explore opportunities in Singapore's S$100 billion coastal protection plan that was announced by our Prime Minister Mr. Lee Hsien Loong at the National Day Rally in 2019.

While acknowledging the presence of uncertainties, the Group remains hopeful for an improvement in global geopolitical tensions and a sustained post-pandemic recovery in the global economy. The Group maintains a cautiously optimistic outlook for the financial year ending on 31 March 2024.

APPRECIATION

The remarkable recovery of Sanli from the challenges posed by the pandemic stands as a testament to the unwavering dedication and resilience displayed by our management team and staff. I extend my heartfelt appreciation to each and every one of them for their tireless efforts and invaluable contributions, which have propelled the Company to achieve outstanding results over the past year.

I would like to thank my fellow Board members for their guidance and support, in particular Mr Kew Boon Kee, who has been redesignated as the Group's Deputy Chairman and Executive Director; and Mr Sim Hock Heng, who is now the Group's Chief Executive Officer and Executive Director. This strategic redesignation leverages their experience, leadership skills, and industry expertise to continue forging our Group's growth path.

I would also like to thank our shareholders for their continued trust as we continue to build on our existing business while embarking on our strategic diversification initiatives, and our business partners and customers for their continued support, as we continue to advance forward to build a world-class environmental engineering company.

MR NG LIP CHI, LAWRENCE
Non-Executive Chairman and Independent Director

BOARD OF DIRECTORS

1 NG LIP CHI, LAWRENCE

Non-Executive Chairman and Independent Director

Mr Ng Lip Chi, Lawrence is our Non-Executive Chairman and Independent Director. He was appointed to our Board on 11 May 2017. Mr Ng is an executive director of NLC Advisory Pte. Ltd. which provides corporate advisory and business consultancy services. Mr Ng has extensive experience in international mergers and acquisitions and corporate finance, having worked in professional and financial services firms such as Arthur Anderson, Credit Agricole Indosuez Merchant Bank Asia Ltd and DBS Bank Ltd, as well as the corporate finance team of an Asian natural resources conglomerate. Mr Ng is a Chartered Financial Analyst and holds a Bachelor of Business Administration degree from the National University of Singapore.

2 MR KEW BOON KEE

Deputy Chairman and Executive Director

Mr Kew is our Deputy Chairman and Executive Director. He was appointed to our Board on 27 February 2017 and redesignated as Deputy Chairman and Executive Director on 14 June 2023. Mr Kew provides overall leadership and guidance to the Group, facilitating effective coordination and communication among departments and functions. His responsibilities also cover succession planning, talent development and overseeing the Group's efforts on potential diversification, strategic alliances, mergers and acquisitions, and Company's inorganic growth. Mr Kew will assist the Non-Executive Chairman to foster balanced and transparent governance.

Mr Kew joined Dayen Environmental Ltd ("Dayen", now known as Moya Holdings Asia Limited) as a project engineer and was responsible for managing water and wastewater projects between February 1999 and February 2005. Prior to co-founding our Group, Mr Kew was engaged by Dayen as a freelance project engineer to complete an ongoing project until March 2006. Mr Kew graduated with an Engineering Diploma from the Federal Institute of Technology in February 1994 and a Bachelor of Engineering degree with Second Class Honours (First Division) in Electrical and Electronic Engineering from the University of Sunderland in June 1996.

BOARD OF DIRECTORS

3 MR SIM HOCK HENG

Chief Executive Officer and Executive Director

Mr Sim is our Chief Executive Officer and Executive Director. He was appointed to our Board on 27 February 2017 and redesignated as Chief Executive Officer and Executive Director on 14 June 2023. Mr Sim's role will include overseeing the administration, operation, and management of the Group while being accountable for its overall performance and financial results. His responsibilities also include implementation of decisions and strategies across the Group, building a robust and sustainable business model and setting goals and objectives that align with the vision and mission. Mr Sim will play a pivotal role in making critical decisions and ensuring implementation across the organisation, with the objective of building a robust and sustainable business.

Mr Sim has more than 20 years of experience in the field of water and waste management. Mr Sim joined Dayen Environmental Ltd ("Dayen", now known as Moya Holdings Asia Limited) in 1995, where he was involved in tender preparation and project management. He left Dayen as a project manager in February 2005. Prior to co-founding our Group, Mr Sim was engaged by Dayen as a freelance project manager to complete an ongoing project until March 2006. Mr Sim graduated with a Diploma in Electrical Engineering in April 1991 from Singapore Polytechnic and subsequently obtained a Bachelor of Science degree from SIM University in September 2007.

4 LEE TIEN CHIAT

Executive Director

Mr Lee Tien Chiat is our Executive Director and was appointed to our Board on 27 February 2017. Mr Lee is in charge of our procurement function, workshop and fabrication team as well as our design team. He has more than 20 years of experience in project management and implementation. Prior to joining our Group in October 2007, Mr Lee was a project manager in Dayen Environmental Ltd ("Dayen", now known as Moya Holdings Asia Limited) where he was in charge of project management in the field of water and waste management between September 1999 and September 2007. Mr Lee graduated with a Bachelor of Science degree in Mechanical Engineering from National Taiwan University in June 1995 and a Master of Science degree (Environmental Engineering) from Nanyang Technology University in February 2005.

5 CHAN HOCK LEONG

Independent Director

Mr Chan Hock Leong is our Independent Director and was appointed to our Board on 11 May 2017. Mr Chan is currently the managing partner of Mazars in Singapore and the regional leader for audit and assurance services of Mazars in APAC. Mr Chan is a fellow member of the Institute of Singapore Chartered Accountants ("ISCA") and fellow member of the Association of Chartered and Certified Accountants ("ACCA"). Mr Chan is also a member of the Public Accounting Practice Committee of ISCA.

6 LATIFF BIN IBRAHIM

Independent Director

Mr Latiff Bin Ibrahim is our Independent Director. He was appointed to our Board on 19 October 2020. Mr Latiff is currently a consultant with law firm Ramdas & Wong. He is also a member of the Law Society of Singapore and the Singapore Academy of Law. He has extensive legal experience in the area of infrastructure projects, construction and engineering law, and was a Partner of Khattar Wong & Partners from 1991 to 1999, and a Partner of Harry Elias Partnership from 1999 to 2010 before serving as its Managing Partner from 2010 to 2013. Additionally, he is an Arbitrator with the Singapore International Arbitration Center, a fellow of the Singapore Institute of Arbitrators, and an Adjudicator with the Singapore Mediation Center. Mr Latiff is also a board member of various public institutions. Mr Latiff graduated with a Bachelor of Law (Honours – Second Upper) from the National University of Singapore in 1985 and qualified as an Advocate and Solicitor of the Supreme Court of Singapore in 1986.

KEY MANAGEMENT

MICHAEL LAW SAI LEUNG

Chief Financial Officer

Mr Michael Law serves as the Group's Chief Financial Officer and is responsible for overseeing the financial and management accounting, compliance, treasury and taxation matters.

He joined the Group in December 2020, bringing with him more than 25 years of experience in accountancy, auditing and finance. Previously, he had served as Chief Financial Officer of companies listed on the Main Board and the Catalist of SGX-ST. He had also served in various senior financial positions of multinational companies and SMEs.

Mr Law obtained his Bachelor of Commerce from the Australian National University in 1991. He is a member of the Institute of Singapore Chartered Accountants and CPA Australia.

CHUA CHWEE TIAN, ANDREW

Managing Director (Enviro Plant & Engineering Pte. Ltd.)

Mr Chua Chwee Tian Andrew joined our Group on 3 August 2014 as a Senior Project Manager. He was promoted to General Manager for the Engineering, Procurement and Construction ("**EPC**") Department on 31 December 2014. He was then assisting our Directors in managing several projects teams in the EPC business segment.

In April 2017, Mr Chua became our Group's Business Development Manager. He supported the Directors in spearheading our business development activities and overseas expansion activities.

Mr Chua was instrumental in assisting the setting up of our subsidiary company; Sanli Environmental (Myanmar) Co. Ltd. in Yangon, Myanmar in December 2017. He was directly involved in the sales and marketing activities of Sanli Environmental (Myanmar) Co. Ltd. thereafter.

On 1 January 2019, Mr Chua became the General Manager for Tender and Business Development Department. He is assisting Mr Kew in managing the department in the tendering, sales, marketing and business development activities for the Group.

On 14 April 2022, Mr Chua was redesignated as the Managing Director of Enviro Plant & Engineering Pte. Ltd., a 100% owned subsidiary of the Group, responsible for the day-to-day operation of the company covering environmental engineering solutions for water and wastewater treatment, air pollution control and solid waste management in the industrial plant sector in Singapore and Southeast Asia countries.

Mr Chua has 30 years of experience in project management and business development in environmental engineering and pump business. Prior to joining the Group, he spent 11 years with Mectron Engineering Pte Ltd as a project manager where he oversaw their project management of odour control and pump business. He also served 2 years as their Business Development Manager.

Mr Chua graduated from Ngee Ann Polytechnic in August 1986 with a Diploma in Public Health Engineering and subsequently obtained a Bachelor of Engineering, Environmental Engineering degree from Deakin University in 2001.

SENIOR MANAGEMENT

FREDRIK TAN THEAN SEANG
General Manager
(Finance and Project Controller)

Mr Tan joined the Company in October 2016 as Assistant Finance Manager and has since been promoted to Finance Manager in 2018, followed by his current position as General Manager (Finance and Project Controller) in 2021. In this capacity, he oversees the financial operations and reporting of the Group, including financial management and treasury. Mr. Tan also holds the position of Director for one of the subsidiaries of the Group, Sanli M&E Engineering Sdn. Bhd.

Before joining our organisation, Mr Tan served as the Assistant Finance Manager at Tiong Woon Corporation Holding Ltd from 2008 to 2016, a regional heavy lift specialist and service provider group listed on the Main Board of SGX-ST.

Mr Tan obtained his professional accountancy qualification from The Association of Chartered Certified Accountants (ACCA) in 2016 and is currently a member of the Institute of Singapore Chartered Accountants.

WONG YIK PHUI
General Manager
(Corporate)

Mr Wong Yik Phui joined the Company in August 2022 as General Manager (Corporate), leading our Group's departments in Human Resources, Information Technology, Contracts Management, Office Administration, and Facilities Management.

With a remarkable career spanning over 25 years, Mr Wong has held various roles at ABB Pte Ltd, Singapore, a unit of global technology leader in Electrification and Automation. These include marketing & sales, operation, and business management for the medium voltage range of equipment and solutions. He also served as the Asia Pacific Regional Market Manager for Electrification Distribution Solution before joining our Group.

Mr Wong graduated with a Diploma in Electrical Engineering and an Advanced Diploma in Strategic Marketing from Singapore Polytechnic. Subsequently, he obtained a bachelor's degree in Business Administration from the Royal Melbourne Institute of Technology.

TAN CHUN HAW
General Manager
(Tender & Procurement)

Mr Tan Chun Haw joined the Company in December 2021 as Senior Project Manager and was subsequently promoted to the role of General Manager (Tender & Procurement) in January 2023. He is entrusted with the responsibility of leading the Group's operations in Tender, Procurement, and Engineering.

With over 15 years of invaluable experience in project management within the water and wastewater industries, Mr Tan oversees various phases of procurement, construction, testing, and commissioning. His prior accomplishments include notable projects such as Changi Airport Pumphouse & Substation, JWRP Industrial Water Pumping Station, RWS Marine Life Park Life Support System, and Chestnut Avenue Waterworks BAC & Ozone Process Upgrading.

Mr Tan holds a bachelor's degree (Hons) in Electrical and Electronic Engineering from the University of Hertfordshire. Additionally, he obtained the Project Management Professional (PMP)® certificate on 22 May 2019. Mr Tan's professional affiliations include his membership and certification as a Certified Project Manager (CPM) under the Accreditation of Project Manager Scheme by the Society of Project Managers Singapore, as well as his membership with The Institution of Engineers, Singapore.

SENIOR MANAGEMENT

ABDUL ZAHID ABD KARIM

Group Health, Safety and Environment Manager

Mr. Abdul Zahid Abd Karim joined the Company in July 2019 as the Health, Safety, and Environment (HSE) Manager and was subsequently promoted to the role of Group HSE Manager in January 2023. He is entrusted with the responsibility of overseeing the management of health, safety, and environmental practices across the Group. This includes implementing safety governance measures to enhance workplace conditions, developing and maintaining the HSE management system and programs, providing individual coaching for professional development, conducting strategic audits, and ensuring business continuity.

With a wealth of over 17 years of diverse HSE experience before joining the Company, Mr. Abdul Zahid brings extensive knowledge to his role. He currently holds several professional certifications, including being a registered Workplace Safety and Health Officer with the Ministry of Manpower, an Environmental Control Officer with the National Environment Agency, a Fire Safety Manager with the Singapore Civil Defence Force, an Earth Control Measure Officer with the Institute of Engineers Singapore, and a Port Facility Security Officer with the Maritime Port Authority.

Mr. Abdul Zahid graduated with a Specialist Diploma in Workplace Safety and Health from Ngee Ann Polytechnic in 2012.

VASU BABU

Business Unit Manager, Sanli E&C Pte Ltd Director

Mr. Vasu Babu joined the Company in October 2006. Over the course of his tenure, he has demonstrated exceptional skills and dedication, leading to his promotion to General Manager in 2022, responsible for overseeing our plant service, operation, and maintenance business. In January 2023, he was further appointed as the Business Unit Manager and Director for one of the subsidiaries of the Group, Sanli E&C Pte Ltd, where he assumes accountability for the subsidiary's business results, budget planning, and workforce management.

Mr. Babu's career journey started with our founders, and his exemplary performance and contributions have paved the way for his current appointment. Throughout his 16 years with the Group, he has successfully completed multiple operation and maintenance (O&M) and engineering, procurement, and construction (EPC) projects.

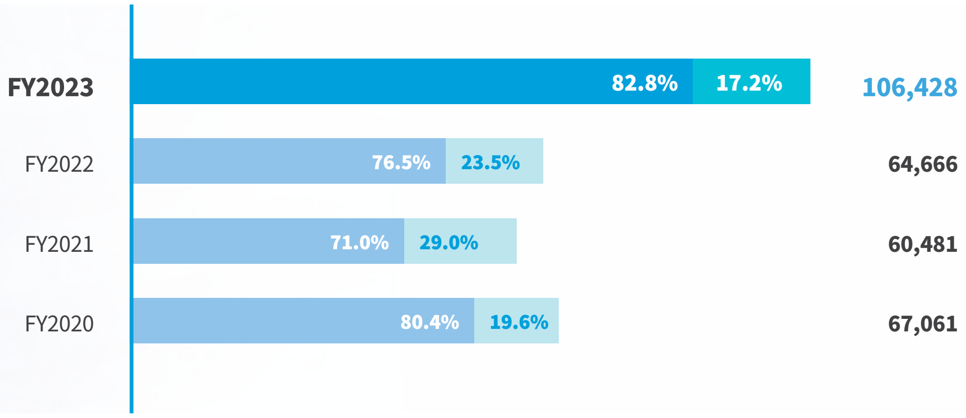
Mr. Babu holds a Diploma in Electrical Engineering from Ngee Ann Polytechnic in March 2018. Additionally, he achieved a Bachelor of Engineering in Electrical and Electronics Engineering degree from Coventry University in February 2022.

FINANCIAL HIGHLIGHTS

REVENUE
(S$'000)

106,428

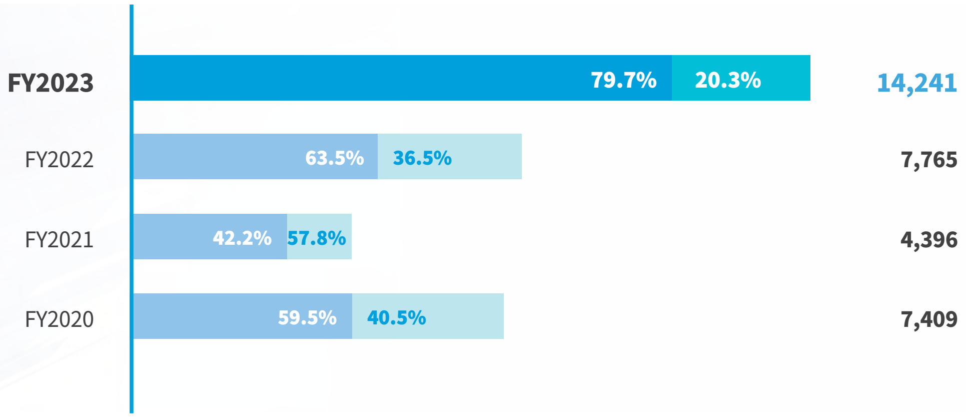
Engineering, Procurement and Construction
Operations and Maintenance



GROSS PROFIT
(S$'000)

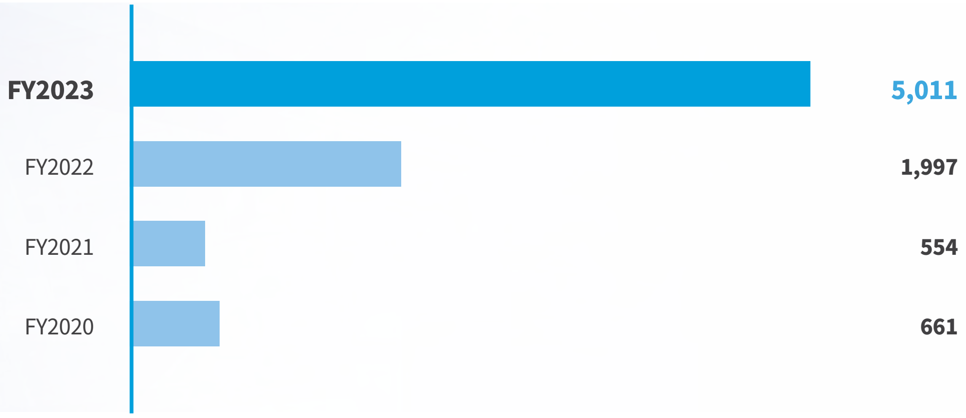
14,241

Engineering, Procurement and Construction
Operations and Maintenance



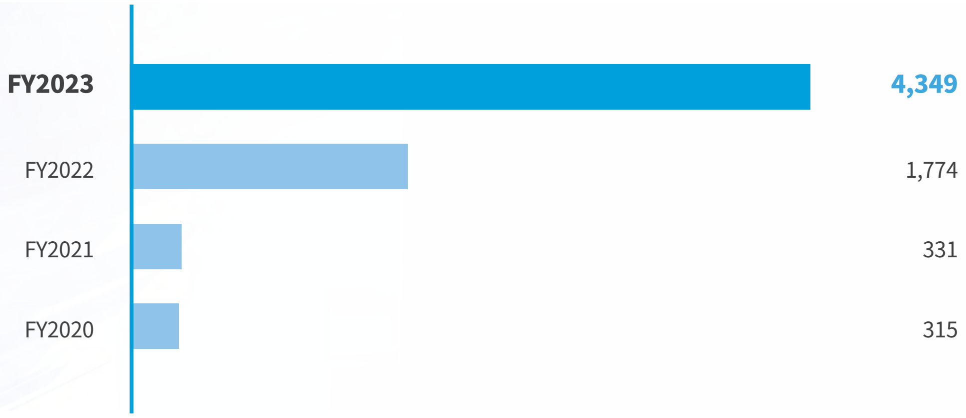
PROFIT BEFORE TAX
(S$'000)

5,011



PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
(S$'000)

4,349



FINANCIAL REVIEW

REVENUE FY2023

S$106.4M

64.6% (FY2022 : S$64.7M)

GROSS PROFIT

S$14.3M

83.4% (FY2022 : S$7.8M)

EPC REVENUE

S$88.1M

78.1% (FY2022 : S$49.5M)

O&M REVENUE

S$18.3M

20.6% (FY2022 : S$15.2M)

REVENUE

For the financial year ended 31 March 2023 ("**FY2023**"), the Group's revenue increased by 64.6% to S$106.4 million from S$64.7 million in FY2022.

On a segmental basis, the revenue for the Engineering, Procurement and Construction ("**EPC**") segment rose 78.1% to S$88.1 million from S$49.5 million as the industry continues a robust recovery from the COVID-19 pandemic. The O&M segment also enjoyed a revenue increase of 20.6% from S$15.2 million to S$18.3 million as more O&M contracts were completed in FY2023. The Group's EPC and O&M segments accounted for 82.8% and 17.2% of revenue respectively in FY2023, as compared to 76.5% and 23.5% in FY2022.

PROFITABILITY

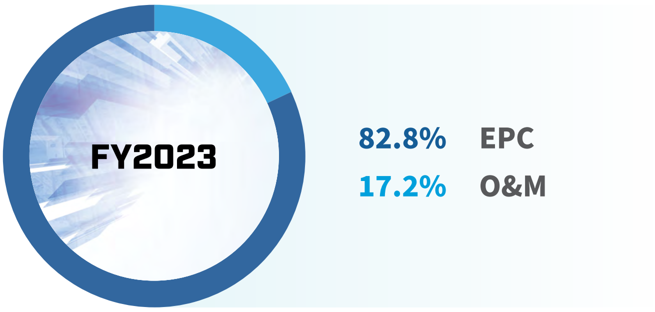
Cost of contract works increased by 62.0% from S$56.9 million in FY2022 to S$92.2 million in FY2023. This was due to an increase in the cost of contract works of S32.2 million or 72.3% from the EPC segment in tandem with the increase in revenue, and also an increase in the cost of contract works of S$2.9 million or 23.0% from the O&M segment which is in line with the increase in revenue.

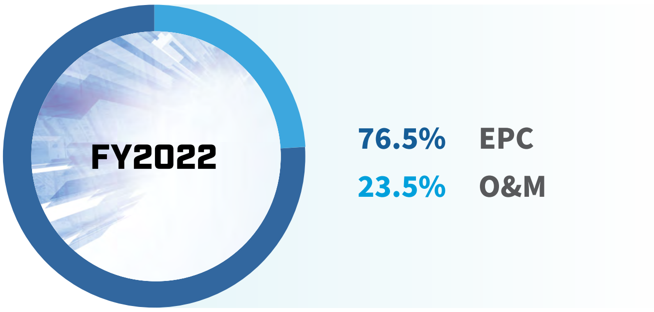
The Group's gross profit increased by 83.4% from S$7.8 million in FY2022 to S$14.3 million in FY2023, due to higher revenue and higher gross profit margin contributed from both EPC and O&M segments. Correspondingly, the Group's gross profit margin increased from 12.0% in FY2022 to 13.4% in FY2023, contributed by both EPC and O&M segments.

Other income decreased by 63.4% from S$2.2 million in FY2022 to S$0.8 million due to lower government grants and incentives received under the Jobs Support Scheme for the COVID-19 pandemic in FY2023. Administrative expenses increased by 26.9% from S$6.2 million in FY2022 to S$7.8 million in FY2023, mainly due to higher staff-related costs such as salaries and bonuses to support our operation. Other operating expenses increased by 6.9% from S$1.7 million in FY2022 to S$1.8 million in FY2023, mainly due to the increase of the Group's depreciation of property, plant and equipment.

As a result of the above, the Group's profit after tax for FY2023 was S$4.2 million. This translates into a net profit attributable to shareholders of S$4.3 million for FY2023 and earnings per share of 1.62 Singapore cents (or S$0.0162) for FY2023.

BUSINESS SEGMENT REVENUE





GEOGRAPHICAL SEGMENT REVENUE

For FY2023 and FY2022, the Group's activities are located primarily in Singapore and the revenue contribution for Myanmar is not significant as compared to the Group's revenue.

FINANCIAL POSITION

The Group's financial position continues to remain stable and resilient, with a net asset value of S$31.1 million and a net asset value per share of 11.68 Singapore cents (or S$0.1168) as at 31 March 2023, as compared to a net asset value of S$27.8 million and a net asset value per share of 10.44 Singapore cents (or S$0.1044) as at 31 March 2022. Cash and cash equivalents stood at S$19.8 million as at 31 March 2023.

As at 31 March 2023, current assets increased from S$43.9 million as at 31 March 2022 to S$85.3 million as at 31 March 2023, mainly due to the increase in contract assets, trade and other receivables, as well as cash and cash equivalents. Contract assets increased from S$24.5 million as at 31 March 2022 to S$46.5 million as at 31 March 2023 mainly due to the significant works performed towards the end of FY2023 and billings were made in the following financial year based on the completion milestones of the ongoing projects. Non-current assets decreased slightly from S$9.7 million as at 31 March 2022 to S$9.6 million as at 31 March 2023, mainly due to the depreciation charge to the property, plant and equipment, partially offset by the increase in right-of-use assets.

Current liabilities increased from S$20.9 million as at 31 March 2022 to S$60.0 million as at 31 March 2023, mainly due to the increase in trade and other payables and bank borrowings. Non-current liabilities decreased from S$4.7 million as at 31 March 2022 to S$3.9 million as at 31 March 2023, mainly due to the decrease in the long-term portion of bank borrowings.

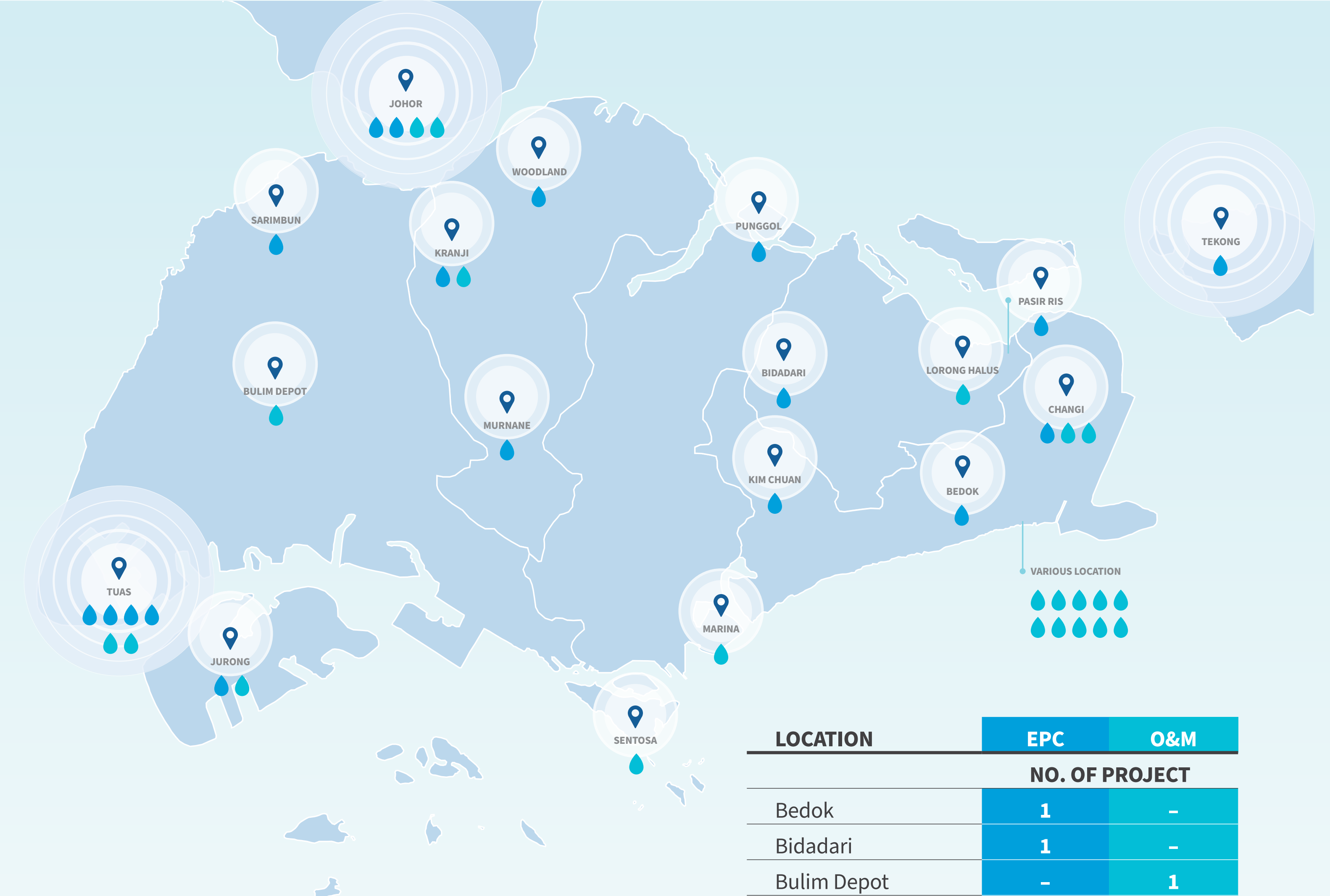
CASH FLOW

In FY2023, the net cash generated from operating activities amounted to S$1.3 million due to operating cash flow before movements in working capital of S$7.0 million, adjusted for net cash outflow from working capital changes of S$5.7 million.

Net cash outflow from working capital of S$5.7 million was due to the increase in contract assets of S$22.0 million as significant works performed towards the end of FY2023 and billings were made in the following financial year based on the completion milestones of the ongoing projects; the increase in trade and other receivables of S$11.1 million, in line with the increase of revenue for 2H2023; the decrease in contract liabilities of S$1.2 million due to lesser advanced billings and the payment of income tax of S$0.3 million. This was offset by the increase of trade and other payables of S$29.0 million, in line with the increase in cost of contract works.

Net cash used in investing activities of S$1.1 million in FY2023 was mainly due to the purchase of property, plant and equipment, while net cash generated from financing activities of S$8.1 million in FY2023 was mainly due to the increase in bank borrowings, offset by the repayment of bank loans and the payment of dividends. As a result of the above, there was a net increase of S$8.3 million in cash and cash equivalents in FY2023.

PROJECT COMPILATION



Sanli On-Going Projects

18
ENGINEERING, PROCUREMENT AND CONSTRUCTION

22
OPERATIONS AND MAINTENANCE

LOCATION	EPC	O&M
	NO. OF PROJECT	
Bedok	1	–
Bidadari	1	–
Bulim Depot	–	1
Changi	1	2
Johor	2	2
Jurong	1	1
Kim Chuan	1	–
Kranji	1	1
Lorong Halus	–	1
Marina	–	1
Murnane	1	–
Pasir Ris	1	–
Punggol	1	–
Sarimbun	1	–
Sentosa	–	1
Tekong	1	–
Tuas	4	2
Woodland	1	–
Various Locations	–	10
TOTAL	18	22

Engineering, Procurement and Construction (EPC)
Operations and Maintenance (O&M)

CORPORATE INFORMATION

BOARD OF DIRECTORS

NG LIP CHI, LAWRENCE
(Non-Executive Chairman and Independent Director)

KEW BOON KEE
(Deputy Chairman and Executive Director)

SIM HOCK HENG
(Chief Executive Officer and Executive Director)

LEE TIEN CHIAT
(Executive Director)

CHAN HOCK LEONG
(Independent Director)

LATIFF BIN IBRAHIM
(Independent Director)

AUDIT COMMITTEE

CHAN HOCK LEONG
(Chairman)
NG LIP CHI, LAWRENCE
LATIFF BIN IBRAHIM

NOMINATING COMMITTEE

LATIFF BIN IBRAHIM
(Chairman)
NG LIP CHI, LAWRENCE
CHAN HOCK LEONG
SIM HOCK HENG

REMUNERATION COMMITTEE

NG LIP CHI, LAWRENCE
(Chairman)
CHAN HOCK LEONG
LATIFF BIN IBRAHIM

COMPANY SECRETARY

GOH SIEW GEOK ACS, ACIS

SHARE REGISTRAR

BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632

REGISTERED OFFICE

28 Kian Teck Drive Singapore 628845
Tel: +65 6578 9269
Fax: +65 6261 8225
Website: www.sanli.com.sg

AUDITOR

DELOITTE & TOUCHE LLP
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809
Partner-In-Charge:
Aw Xin-Pei
(Appointed since financial year ended 31 March 2020)

PRINCIPAL BANKERS

MAYBANK SINGAPORE LIMITED
200 Jalan Sultan #01-02
Textile Centre
Singapore 199018

STANDARD CHARTERED BANK (SINGAPORE) LIMITED
8 Marina Boulevard Level 29
Marina Bay Financial Centre (Tower 1)
Singapore 018981

UNITED OVERSEAS BANK LIMITED
80 Raffles Place
UOB Plaza
Singapore 048624

SPONSOR

SAC Capital Private Limited
1 Robinson Road
#21-00 AIA Tower
Singapore 048542

SUSTAINABILITY REPORT

BOARD STATEMENT

We are pleased to present our annual Sustainability Report ("**SR**") of Sanli Environmental Limited ("**Sanli**", the "**Company**", and together with its subsidiaries, the "**Group**") for the financial year ended 31 March 2023 ("**FY2023**").

The Group is committed to integrating material economic, environmental, social and governance ("**EESG**") topics as part of our core business strategy. The Board of Directors ("**Board**") and senior management ("**Management**") remain committed to establishing and maintaining an effective sustainability management framework, which is supported by underlying internal controls, risk management practices, clear accountability and reporting process. The Board evaluates and considers EESG risks and opportunities relevant to the Group during the formulation of overall business strategy, objectives and performance measurements.

Sustainability is a part of the Group's wider strategy to create long-term value for all its stakeholders. As such, the key material EESG factors for the Group have been identified and cautiously reviewed by the management annually. The data and information provided in this report have not been verified by an independent third party. The management has relied on internal data monitoring and verification to ensure the accuracy of data and information.

The Board oversees the Management and monitors the materiality of the Group's EESG factors, in order to set targets for the Group's material EESG factors. The objectives and the Group's sustainability performance are taken into consideration by the Board in determining the Group's strategic direction and policies.

In this reporting period, we are pleased to announce that our directors have gone through a mandatory sustainability training course prescribed by SGX-ST. We are of the view that this crucial step will help our Company develop well-rounded approaches to managing sustainability and align with stakeholders' expectations.

Aside from the sustainability course attended by directors, we have also subjected our sustainability reporting process to an internal review by our internal auditor. This exercise has helped us identify the areas of where we excelled, and which needed more attention for sustainability reporting and management of material factors. We are keen to continuously improve and build internal capabilities in the area of sustainability. To further ensure the accuracy of the data and information provided in this report, we will consider seeking external independent assurance review in the future.

REPORTING PERIOD, SCOPE AND FRAMEWORK

This report has been prepared with reference to the Global Reporting Initiative ("**GRI**") Standards 2021, and on a "comply or explain" basis in accordance with Rule 711A and 711B and Practice Note 7F of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Section B: Rules of Catalist ("**Catalist Rules**").

Sanli has chosen the GRI framework as it is an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures. This report highlights the key EESG related initiatives and strategies for the Group's operations in Singapore for the 12-month period, from 1 April 2022 to 31 March 2023. For the purpose of this report, the Company has decided to focus on the operations in Singapore, Malaysia and Myanmar due to their market presence.

SUSTAINABILITY REPORT

The report includes information on the Group's operations in Singapore, Malaysia and Myanmar from the following entities:

- Sanli Environmental Limited
- Sanli M&E Engineering Pte Ltd
- Sanli E&C Pte Ltd
- Sanli M&E Engineering Sdn Bhd
- Enviro Plant & Engineering Pte Ltd
- Mag Chemical Pte Ltd
- Sanli Environmental (Myanmar) Co Ltd

This report summarises the expectations from various stakeholders, general business environment that the Group is operating in and what the Group has done in order to ensure the sustainability of the Group. The information disclosed in the SR, read together with the information in the Group's annual reports will provide the reader with a holistic view of the operations of our Group.

We understand the importance of the Task Force on Climate-related Financial Disclosures ("**TCFD**") in providing comprehensive guidance on sustainability performance and recognise the need to report on our progress. We will be working with our stakeholders in the near future to improve the sustainability report of the various EESG factors reported and assess climate-related risks and opportunities where appropriate and practicable, in accordance with the business activities of the Group in the future. We believe that a TCFD-aligned report will be an important step in helping us better understand and manage our EESG performance.

FEEDBACK

We welcome feedback from our stakeholders with regard to our sustainability efforts as this enables us to consistently improve our policies, systems and results. Please send your comments and suggestions to michael.law@sanli.com.sg.

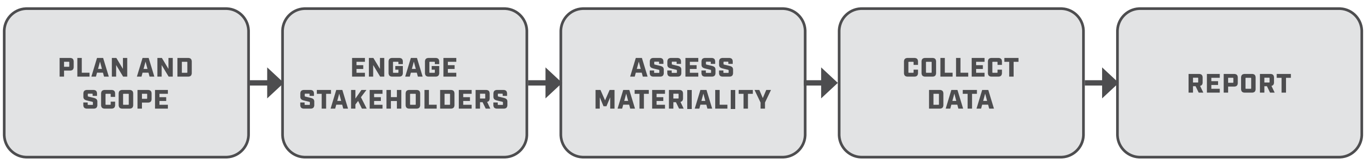
ACCESS

You may visit SGX website or our company website https://www.sanli.com.sg for our organisational details and Sustainability Report.

SUSTAINABILITY APPROACH

SUSTAINABILITY METHODOLOGY

At Sanli, we are committed to conduct our business in a responsible and sustainable manner. To achieve and maintain our sustainability goals, the Group articulates our sustainability commitment through the following processes:



SUSTAINABILITY REPORT

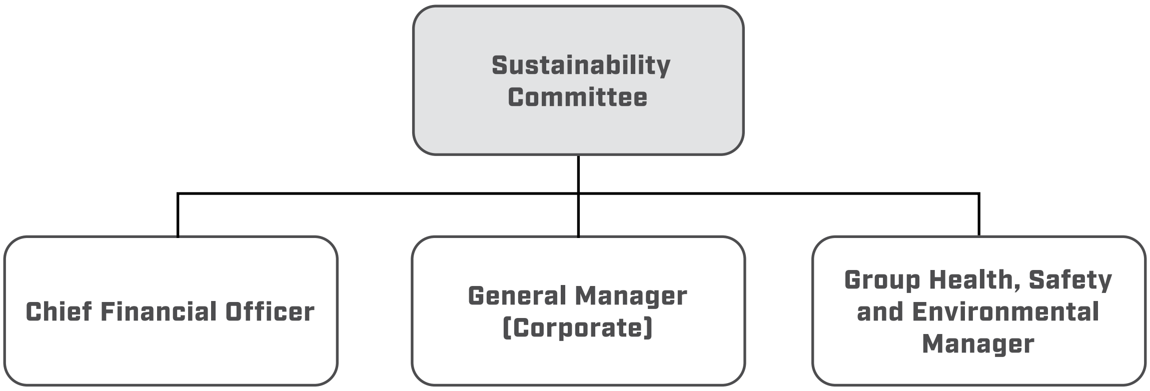
SUSTAINABILITY GOVERNANCE

Strong governance is the key to a sustainable business. It is a continual challenge to successfully manage environmental and social issues. Sanli has incorporated this into our business model and implemented sustainable and responsible practices throughout the Group. We are committed to providing top-notch services to meet the relevant safety and environmental requirements set out by our customers and the regulatory bodies.

Sanli pays strict attention to enforcing good labour practices in all our operations. The Group provides various training opportunities for continuous employee development, and this has been reflected in the quality and delivery of our services. We value our relationships with our clients and the wider community in which we operate, and these relationships have helped us through challenging times in the past. The Group strongly believes that in the long run, these efforts will be reciprocated through positive impacts on the Group's economic performance.

The Board takes overall responsibility in overseeing and monitoring the Group's sustainability management. A sustainability committee, comprising senior management including the Chief Financial Officer, Corporate General Manager and Group Health, Safety and Environmental Department Manager, is responsible for driving the Group's overarching sustainability strategy and channelling the implementation of sustainability initiatives in the day-to-day operations of business managers. These managers in their respective functions become responsible for implementation, measuring, monitoring and reporting back to the sustainability committee on the progress.

Sanli Sustainability Committee



The Board and the Management of Sanli commit to the best practices of corporate governance to ensure the sustainability of the Group's operations. We believe that the constant drive to upkeep corporate excellence will allow us to establish a more transparent, accountable and equitable system, thereby increasing the value of the Company and the value of our shareholders. In FY2023, we have complied with the Code of Corporate Governance (the "**Code 2018**"). Please refer to page 36 to 64 for the details of the Group's Corporate Governance Report.

SUSTAINABILITY REPORT

Our 3 Year Performance

Throughout FY2023, we achieved the target we set last year.

FY2023	FY2022	FY2021
Complied with the Code 2018 (Target met)	Complied with the Code 2018 (Target met)	Complied with the Code 2018 (Target met)

Our Target (FY2024)

We will continue to meet all requirements that are expected of us by our stakeholders and continue to comply with the Code 2018.

ENTERPRISE RISK MANAGEMENT

Sanli believes that Enterprise Risk Management ("**ERM**") is an integral part of good corporate governance as well as resource management. The ERM facilitates the Board in identifying and assessing key operational, financial, compliance and information technology risks with reference to the business goals, strategies and critical success factors of the Group. Under the ERM Framework, Management and executives of all levels are expected to constantly review the business operations and the operating environment to identify risk areas and ensure mitigating measures are promptly developed to minimise these risks. The ERM Framework outlines the Group's approach to managing enterprise-wide risks and sets out a systematic process for identifying, evaluating, monitoring, managing and reporting risks faced by the Group. Thus, it allows the Group to address the changes and the challenges in the business environment, reduce uncertainties and facilitate the shareholder value creation process on an ongoing basis.

Our 3 Year Performance

In FY2023, we have conducted risk workshops, updated the risk register and accomplished our target set last year.

FY2023	FY2022	FY2021
Reviewed the ERM policies to ensure all relevant risks are identified, communicated and addressed timely (Target met)	Reviewed the ERM policies to ensure all relevant risks are identified, communicated and addressed timely (Target met)	Reviewed the ERM policies to ensure all relevant risks are identified, communicated and addressed timely (Target met)

Our Target (FY2024)

We will continue to review ERM policies annually and to ensure all relevant risks are identified, communicated and addressed timely.

BUSINESS ETHICS AND COMPLIANCE

Sanli is proud to inform that the Group is in compliance with environmental and socioeconomic rules and regulations, including anti-competitive practices and the Workplace Safety and Health Act. The Group also regularly updates relevant staff with development in international and local regulations.

When it comes to hiring, all of our staff are reminded of the importance of upholding the highest standards when it comes to business ethics. Our code of conduct clearly lays the Group's expectations for our staff and spells out consequences for violating rules or not meeting expectations. In addition, we also have clear and fair grievance procedures for internal dispute resolution, and we also take into serious consideration any conflict of interest in order for us to align with the Code 2018.

SUSTAINABILITY REPORT

The Board is also of the view that cybersecurity and data privacy laws and regulations are essential to comply with, in order to safeguard both the Group's data and that of our customers. Sanli takes measures to guard against cyber risks, protecting confidential information for both our internal and external stakeholders. This also applies to our employment process where the privacy of all applicants is safeguarded and access to personal data is restricted to authorised personnel on a need-to-know basis.

ENVIRONMENTAL COMPLIANCE

Here at Sanli, compliance with relevant Codes and Regulations on environmental issues is of utmost importance and we take steps at all our work sites to ensure the requirements are met throughout the duration of the projects.

Our 3 Year Performance

For FY2023, we have achieved the target we set last year.

FY2023	FY2022	FY2021
0 (Target met)	0 (Target met)	0 (Target met)

Our Target (FY2024)

We will maintain zero incidents of non-compliance with the applicable laws and regulations.

STAKEHOLDERS ENGAGEMENT

We have identified our key stakeholders and material aspects that are instrumental to our business. The interests and requirements of our key stakeholders are taken into account when formulating corporate strategies. These key stakeholders include, but are not limited to, customers, suppliers, shareholders, employees, and regulators.

Key Stakeholders	Engagement Platforms	Frequency of Engagement	Key Concerns Raised
Employees	Staff appraisal	Annually	Employee compensation and benefits, personal development
	Town hall session	Annually	
	Get-together session Badminton competitions	Semi-annually	
Customers	Face-to-face / Virtual meetings and feedbacks	Daily	Quality of services, on-time completion
	Occasional site-visits	Ad-hoc	

SUSTAINABILITY REPORT

Key Stakeholders	Engagement Platforms	Frequency of Engagement	Key Concerns Raised
Suppliers	Face-to-face / Virtual meetings	Daily	Prompt payment, accurate specifications and selection of reliable suppliers
	Evaluation and feedback	Annually	Disruption of the supply chain, higher cost of equipment and materials due to geopolitical tensions in Europe causing inflationary pressures across the board
Shareholders	Annual general meeting	Annually	Financial and operational performance of the Group, corporate governance and sustainability practices, business strategies of the Group
	Annual report	Annually	
	Corporate announcements and financial results announcements	Ad-hoc	
	Company website		
Regulators	Occasional face-to-face meeting / inspections	Ad-hoc	Full compliance with regulations
	E-mails	Ad-hoc	
	Surveys	Ad-hoc	

We adopt both formal and informal channels of communication to understand the needs of our key stakeholders, so as to include and align the needs of the key stakeholders in our corporate strategies to achieve mutually beneficial relationships.

During the reporting period, we have managed to engage our diverse stakeholders through a survey for our materiality assessment exercise. We are pleased to involve our stakeholders in the identification and prioritisation processes of material sustainability issues which gave us a holistic view of our business environment. We are grateful for the time spent in such collaboration and strive to continue the stakeholder engagement process in regular manner with our stakeholders.

These are stakeholders defined as having the most influence over and the highest level of interest in the Company's operations and why it is essential for us to engage them:

EMPLOYEES

Engagement with employees is conducted regularly to measure satisfaction levels, gather feedback as well as discuss business strategy, sustainability and organisational changes.

SUSTAINABILITY REPORT

CUSTOMERS

Customer satisfaction is one of the key focuses for our businesses. Engagement with customers, through site meetings, allows us to receive timely, valuable feedback to improve our service standards and gauge their expectations on our products and services.

SUPPLIERS

We aim to form long-standing and trusting relationships with reliable and credible suppliers. They are continually engaged in order for us to seek feedback for procurement matters and sustainability.

SHAREHOLDERS

We strive to maximise shareholder returns, maintain good corporate governance, and improve levels of transparency through financial and sustainability reporting and timely communication. We engaged shareholders and potential investors through various virtual and in-person channels to understand their concerns.

REGULATORS

We regularly obtain clarifications or understanding of the new or revised regulatory and industry standards and guidelines and seek advice from external consultants to ensure full compliance with the regulations.

MEMBERSHIPS ASSOCIATIONS

We acknowledge that as a responsible corporate citizen, we shall contribute to the growth of community and the regions we operate in. We have joined two local associations in Singapore that share our commitment to value creation in our industry and beyond. Our memberships in the following associations provide us with access to valuable resources and information that help us to continuously improve:

swa SINGAPORE WATER ASSOCIATION	Singapore Water Association ("**SWA**") provides a forum for collaboration and the inter-change of ideas and knowledge among member companies. It will be an arena for networking among members and dissemination of strategic information on emerging business opportunities and new technologies. SWA also serves as an important network link for members to the international water network; contributes to strengthen the presence of Singapore companies in the global market; and acts as a private sector forum for the industry.
SINGAPORE BUSINESS FEDERATION Apex Business Chamber	The Singapore Business Federation ("**SBF**") is the apex business chamber championing the interests of the Singapore business community in the areas of trade, investment and industrial relations. It represents 28,000 companies, as well as key local and foreign business chambers. SBF champions the interests of business community in Singapore and internationally, and act as the bridge between business and the Government.

MATERIALITY ASSESSMENT

Materiality with respect to sustainability reporting, as defined by GRI standards, includes topics that reflect the organisation's significant economic, environmental, and social impacts; and would substantively influence the assessments and decisions of stakeholders.

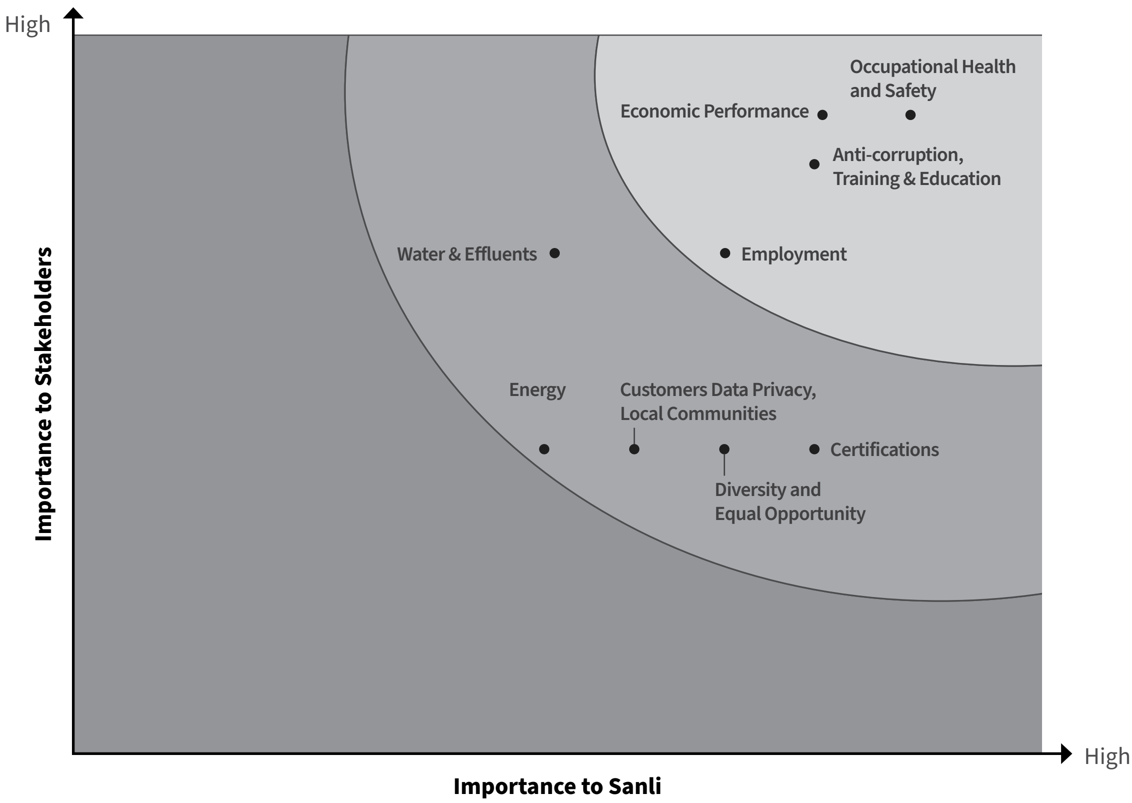
SUSTAINABILITY REPORT

Our sustainability process begins with the identification of relevant sustainability issues. The exhaustive list of relevant sustainability issues was then rated in order to see the level of stakeholders' interests of the sustainability issues which had been further evaluated by the Board and Management. Process of which is shown below:

Having considered the topics of concerns and expectations of identified key stakeholders, the Sustainability Reporting Committee together with the Management assessed and prioritised the material topics to focus on for the Group in FY2023, as well as targets and commitments to carry the performance of sustainability to be validated by the Board.

Applying the guidance from various sustainability literatures, including GRI Standards 2021, we have identified the following material factors during our materiality assessment in FY2023. Leveraging the inputs from our stakeholder engagement to our materiality assessment, we further prioritised the topics across different tiers. The first tier comprises of five highest-impact topics on sustainability issues we chose to focus on and disclose in this report. The second tier is a cluster of essential topics where stakeholders and the Group are moderately being impacted and which some of topics are being actively addressed through our ongoing initiatives. Three out of ten topics have been disclosed in the previous sustainability reports, e.g., Diversity and Equal Opportunity, Energy, and Local Communities which will continue to be discussed in this report.

New topics namely Water & Effluents, Training and Education, Employment and Customer Data Privacy had surfaced from the assessment and are being added this year to demonstrate our commitment to addressing the most relevant EESG issues applicable to our operations in this period. Our prioritised material factors can be seen in the two tiers of the materiality matrix below:



SUSTAINABILITY REPORT

ECONOMIC

ECONOMIC PERFORMANCE

Our commitment to sustainability is a long-term strategy that we believe will create value and benefit all stakeholders involved. We endeavour to maximise returns to shareholders by maintaining financial disciplines, strengthening our sustainability practices, reducing sustainability-related risks, managing our reputation, and performing continuous engagement with various stakeholders to ensure all voices are heard.

For detailed financial results and commentary on the significant trends and competitive conditions of the industry, please refer to the following sections in our Annual Report FY2023:
- Financial Highlights, page 11
- Financial Review, page 12
- Financial Statements, page 65

ANTI-CORRUPTION

We recognise that any breaches of ethics and corruption can lead to significant reputational damage, legal consequences and loss of customers' demands. Additionally, it puts the trust that we have built between our business and our stakeholders at great risk. We do not tolerate corruption in any form. We believe that abuse of entrusted power for private gain could compromise our ability to deliver value and meet the needs of future generations. This has been made clear to all of the Group's employees, suppliers and business partners. We have a dedicated whistleblowing hotline, through both email and company website, are set up so that anyone wanting to report any business ethics issue can do so confidentially. Any report of corruption will be escalated further to the attention of the Audit Committee.

Whistleblowing policy

Our whistleblowing policy provides a transparent channel for employees to report any concern or complaint regarding any improper accounting or financial matters, internal controls, disclosure of information, conflict of interest, insider trading, or any other areas involving fraud, corruption and misconduct of employees. The public, customers and stakeholders can also report possible improprieties or provide other feedback through the Company's website at https://www.sanli.com.sg.

Our 3 Year Performance

In FY2023, we have zero disciplinary incidents, confirmed violations and legal proceedings related to corruption arising from our relationships with employees, suppliers, customers, governments, intermediaries among others and accomplished the target we set last year.

FY2023	FY2022	FY2021
0 (Target met)	0 (Target met)	0 (Target met)

Our Target (FY2024)

We strive to regularly review our policies on whistleblowing and anti-corruption commitment and maintain zero reported incidents of anti-corruption and whistleblowing.

SUSTAINABILITY REPORT

ENVIRONMENTAL

CERTIFICATIONS

We have attained the certificates on ISO management systems as part of our commitment to comply with environmental and socioeconomic laws and regulations. As a testament to our commitment in maintaining high safety standards, we have been awarded the following certifications:

Sanli E&C Pte Ltd:

- Quality Management System (ISO 9001)
- Environmental Management System (ISO 14001)
- Occupational Health and Safety (ISO 45001)


SOCOTEC
CERTIFICATE
No. SCS 8871E-2
Sanli E&C Pte Ltd
ISO 14001 : 2015
for the scope of activities:
Mechanical & Electrical Engineering Services including Design


SOCOTEC
CERTIFICATE
No. SCS 8871Q-2
Sanli E&C Pte Ltd
ISO 9001 : 2015
for the scope of activities:
Mechanical & Electrical Engineering Services


SOCOTEC
CERTIFICATE
No. SCS 8871HS1-2
Sanli E&C Pte Ltd
ISO 45001 : 2018
for the scope of activities:
Mechanical and electrical engineering services and scaffolding works

Sanli M&E Engineering Pte Ltd:

- Quality Management System (ISO 9001)
- Environmental Management System (ISO 14001)
- Occupational Health and Safety (ISO 45001)
- Business Continuity Management (ISO 22301)
- Workplace Health and Safety (bizSAFE Level STAR)


SOCOTEC
CERTIFICATE
No. SCS 8871E-1
Sanli M&E Engineering Pte Ltd
ISO 14001 : 2015
for the scope of activities:
Mechanical & Electrical Engineering Services including Design


SOCOTEC
CERTIFICATE
No. SCS 8871B
Sanli M&E Engineering Pte Ltd
ISO 22301 : 2019
for the scope of activities:
Mechanical & electrical engineering services


SOCOTEC
CERTIFICATE
No. SCS 8871HS1-1
Sanli M&E Engineering Pte Ltd
ISO 45001 : 2018
for the scope of activities:
Mechanical and electrical engineering services and scaffolding works


SOCOTEC
CERTIFICATE
No. SCS 8871Q-1
Sanli M&E Engineering Pte Ltd
ISO 9001 : 2015
for the scope of activities:
Mechanical & Electrical Engineering Services


bizSAFE STAR
CERTIFICATE
The Workplace Safety and Health Council is pleased to certify that
SANLI M&E ENGINEERING PTE. LTD.
has fulfilled the requirements to attain bizSAFE Level STAR
This certificate is valid till 25/08/2024
Christopher Koh
General Manager
Workplace Safety and Health Council

SUSTAINABILITY REPORT

PROMOTING GREEN PRACTICE – GREEN BUILDING (HEADQUARTER LOCATED AT 28 KIAN TECK DRIVE)

a. We have built a Lift Green Wall with an area of L2400mm X H13400mm and a two-sided of HyGroWall with an area of L6100mm X H3000mm at the office reception area.

b. We have maintained the effort to fulfil the Skyrise Greenery Incentive Scheme for 6 years since FY2018.
   - The Greenery helped to clean outside air, pollutants, and dust that helps to offset the carbon footprint of people and fuel emissions.
   - The Greenery also helped to reduce the Volatile Organic Compounds' impact on indoor air quality and other harmful toxins such as benzene. It also acted as a soundproofing barrier and encouraged natural cooling that effectively reduced the heat transfer through building walls into the interior building space, leading to possible energy savings.
   - The system has improved the air ventilation within the premises by providing better air quality.

ENERGY CONSUMPTION

We encourage the use of energy-efficient lighting and green-label photocopiers in the office. On our premises, we used LED lighting and installed an auto light-on system in our effort to reduce the carbon footprint.

Our 3 Year Performance

In FY2023, our total energy consumption for Headquarters (HQ) offices was 100,046 kWh (FY2022: 78,717 kWh). The increase in energy consumption as compared with FY2022 was mainly due to HQ staff alternating between working from home and the office during the Covid-19 pandemic in FY2022. We have set the target for FY2023 to achieve electricity saving by 1% at a pre-Covid consumption level of 108,933 kWh and it had been met.

FY2023	FY2022	FY2021
Electricity Saving by 1% (Target met)	Electricity Saving by 1% (Target met)	Electricity Saving by 1% (Target met)

Our Target (FY2024)

Improve electricity saving by 1%.

WATER

Sanli strives to reduce water consumption in our daily operations. The Company acknowledges the importance of reducing the consumption of water by tracking the consumption level of the Group annually.

Our 3 Year Performance

	FY2023	FY2022	FY2021
Group water Consumption (cubic meters)	8,578	2,088	2,344

Increased water consumption in FY2023 was due to water pipe leakages at the premises in June 2022. In this regard, Sanli has launched an official investigation initiative and promptly repaired the damaged pipes. As a responsible corporate citizen, we hold ourselves to a high standard and are committed to gradually reducing our water consumption.

Our Target (FY2024)

Our goal is to reduce the annual water consumption below 2,000 cubic meters ("**CuM**") by communicating the importance of water through office and worksites posters and encouraging employees to reduce water consumption through training.

SOCIAL

As part of our sustainability efforts, Sanli is dedicated to upholding the highest ethical business conduct and social standards. This includes alignment to labour and human rights principles, such as non-discrimination, fair labour practices, and diversity and equal opportunities.

In embedding our commitments, we have in place a whistleblowing policy that elaborates our grievance and remedy processes for financial misappropriation. We also have a remuneration policy formulated to attract, retain and motivate talent to achieve the Company's business objective and create sustainable value for its stakeholders. Furthermore, we embed our social and environmental commitments by following effective environmental management systems (ISO 14001) and Occupational Health and Safety (ISO 45001) standards as part of our responsible Company goals.

We strive to ensure that our business activities do not infringe upon fundamental human and labour rights and aim to preserve the dignity of individuals within our workforce. We are committed to continuous improvement in this area. We recognise that human and labour rights are essential elements of sustainable development, and we are proud to take part in prioritising and upholding the principles as outlined in the UN Global Compact.

OCCUPATIONAL HEALTH AND SAFETY

Our Workplace, Health & Safety department is independent of the operational departments and is responsible for monitoring the workplace to provide a safe working environment for all our staff and clients and carries the responsibility to train workers on occupational health and safety. A toolbox briefing, in accordance with the Workplace Safety and Health Council's Effective Toolbox Meeting guideline is held at each worksite every morning for our workers. A toolbox talk is an informal safety meeting that is part of the Group's overall safety training program, which covers special topics on safety aspects related to a specific job, including the handlings of work-related hazards, hazardous activities, or hazardous situations. Toolbox meetings are generally conducted at the job site prior to the commencement of a job or work shift. Meetings are normally short in duration and cover topics such as workplace hazards, and safe work practices. It is one of the very effective methods to refresh workers' knowledge of workplace safety, cover last-minute safety checks, and exchange information with experienced workers.

We have established a strict set of workplace, health and safety management policies applicable to our project managers, engineers, supervisors, foremen, workers and subcontractors for all projects. These policies cover all stages of our projects, from the time we occupy the worksites, up to the point of completion of the projects. In addition, all environmental aspects and occupational health safety hazards which are within our control or under our management, as well as those that we cannot control or directly manage but are expected to affect our projects, are covered in the policies.

SUSTAINABILITY REPORT

Our Workplace, Health and Safety department is responsible for ensuring that the safety measures which we have put in place are adhered to. Such measures include:

- Conducting periodic and necessary risk assessments for all our projects to identify the risks and gaps and implementing mitigating procedures in order to achieve an accident-free environment or minimise risks to an acceptable level.
- Conducting regular safety meetings and providing sufficient management support and resources to plan, implement and execute safety measures in compliance with workplace health and safety legislations and other requirements which include directives, guidelines and standards prescribed by our Group.
- Allocating safety supervisors to our projects, where relevant, and conducting regular worksite inspections as well as tools and equipment checks.
- Improving the competency of our employees and cultivating good safety habits through proper training, instruction and guidance and ensuring that workplace safety and health matters are effectively communicated to all employees.
- Monitoring the effectiveness of risk control measures which have been implemented and conducting a third-party audit or an internal review to ensure that safety measures are adhered to.

Our employees' health and safety need to be central across our operations. Our commitment to the ultimate goal of achieving zero fatalities is unwavering – as no single fatality is acceptable, given the practical and reasonable measures adopted to eliminate workplace fatalities, injuries and work-related ill health.

Our 3 Year Performance

On August 25th, 2022, regrettably, one of our subcontractor's employees encountered a fatal accident at our worksite. Although the accident occurred under the employment of our subcontractor, it does not necessarily mean that we don't prioritise workers safety. We have since assisted the relevant authorities with the accident investigation at the date of this report. We continue to be committed to managing and reducing safety and health risks through effective risk management.

FY2023	FY2022	FY2021
0 (Target met) *	0 (Target met)	0 (Target met)

* *Our safety data only accounts for the employees of our Group*

Our Target (FY2024)

We aim to have zero incident of health, safety and environment non-conformity, accident and ill health and zero fatal accidents in FY2024.

EMPLOYMENT

The Group regards our employees as our greatest asset. It is because of them that we are able to achieve success and growth. It is important for us to maintain continuous employee development, provide competitive employee benefits and ensure fair and safe working conditions, so that we retain our staff and are positioned as an attractive organisation for new talent. Remuneration policies and packages are reviewed regularly to ensure that the compensation and benefits are in line with the market and that the employees are rewarded for their contributions, thus aligning the interests of the employees to those of the Group's.

Variable bonuses are granted to eligible employees based on the individual employee's contribution to the Group, profitability of the Group, current economic/ business situation, government's wage guidelines, and internal and external salary equality. Contributions to retirement benefit schemes are offered as part of the remuneration package in accordance with The Retirement Age Act. The official retirement age is 62 years old but may be extended based on mutual agreement between the Company and the employee. In FY2023, we have 11 (FY2022: 9) employees who are above 62 years old. The Group will also continue to recruit and groom young talent while acquiring senior experienced professionals.

SUSTAINABILITY REPORT

In FY2023, we have a staff strength of 540 (FY2022: 514)[1] full-time employees and 38 temporary/contractual employees (FY2022: 32). With such strength, we are committed to leverage and preserve our human capital across diverse gender, age groups and nationalities across our operations. Such emphasis on workforce has been indicated by our recent materiality assessment exercise where our stakeholders found the topic as relevant.

Table 1: Group Employment Report FY2023

Category	Description	New Hire Number	New Hire Rate	Turnover Number	Turnover Rate
By Gender	Male	187	35%	160	30%
	Female	29	6%	30	6%
By Age Group	< 30 Years Old	84	39%	66	35%
	30 – 50 Years Old	113	52%	109	57%
	> 50 Years Old	19	9%	15	8%
By Region	Singapore	178	82%	104	55%
	Malaysia	34	16%	21	11%
	Myanmar	4	2%	65	34%

Our Target (FY2024)

We strive to reduce our existing turnover rate and attract more skilled and diverse talents.

DIVERSITY AND EQUAL OPPORTUNITY

Board Diversity

As part of our commitment to sustainability, Sanli is dedicated to upholding Board diversity within our organisation. We believe that having a diverse range of perspectives and experiences at the strategic and decision-making level is crucial for the long-term success of Sanli.

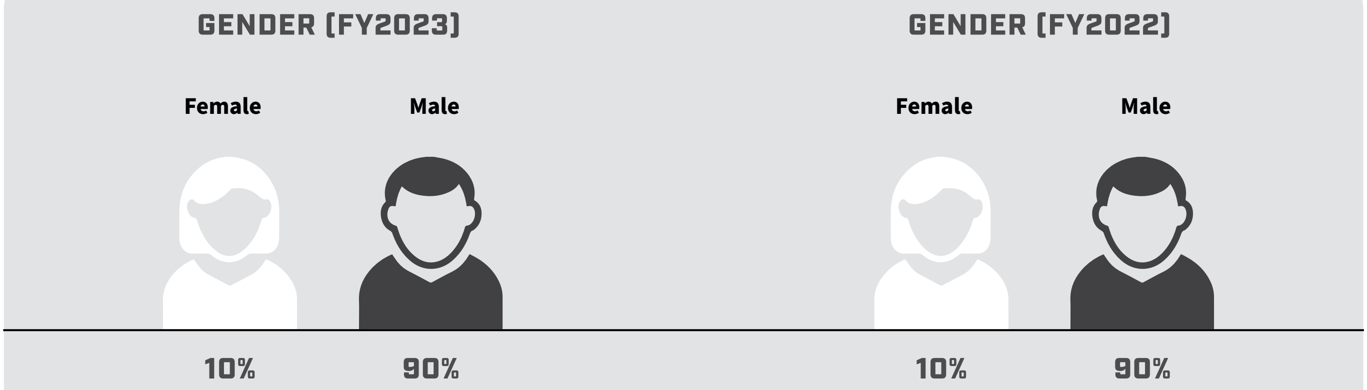
We are actively working to ensure that our Board is reflective of the diverse communities we serve. This includes seeking out and considering candidates from all backgrounds and experiences and promoting diversity and inclusion throughout our organisation. For more detailed information of our Board diversity gender, age and other indicator, please refer to our corporate governance page 36 - 64.

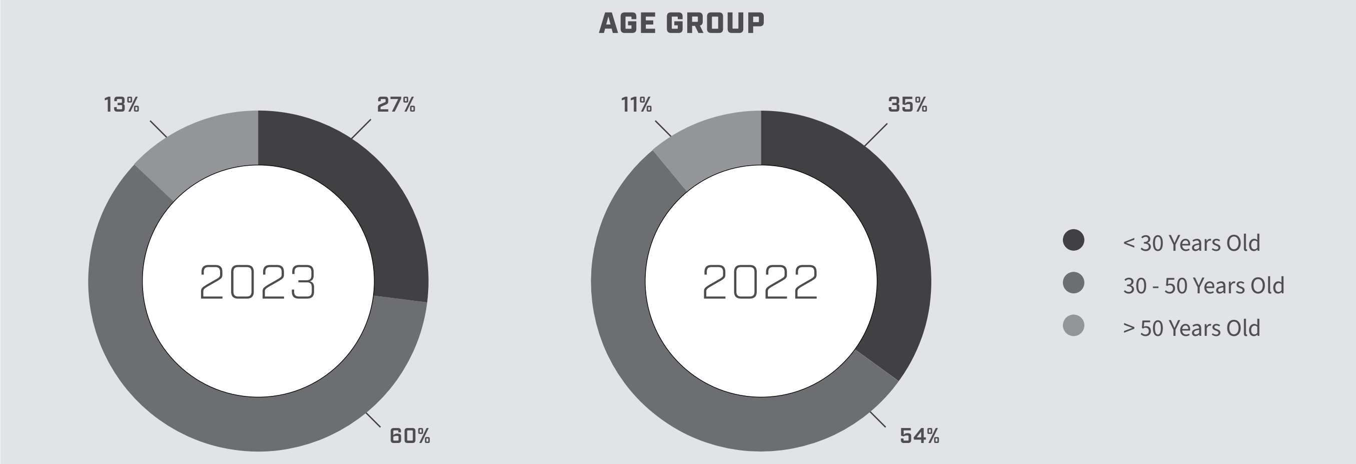
Sanli's staff recruitment and annual appraisals are conducted based on performance, work attitude, cooperation with other staff and workers and efficiency and effectiveness of work. The Group does not discriminate against one's race, age, gender, religion, ethnicity, disability or nationality.

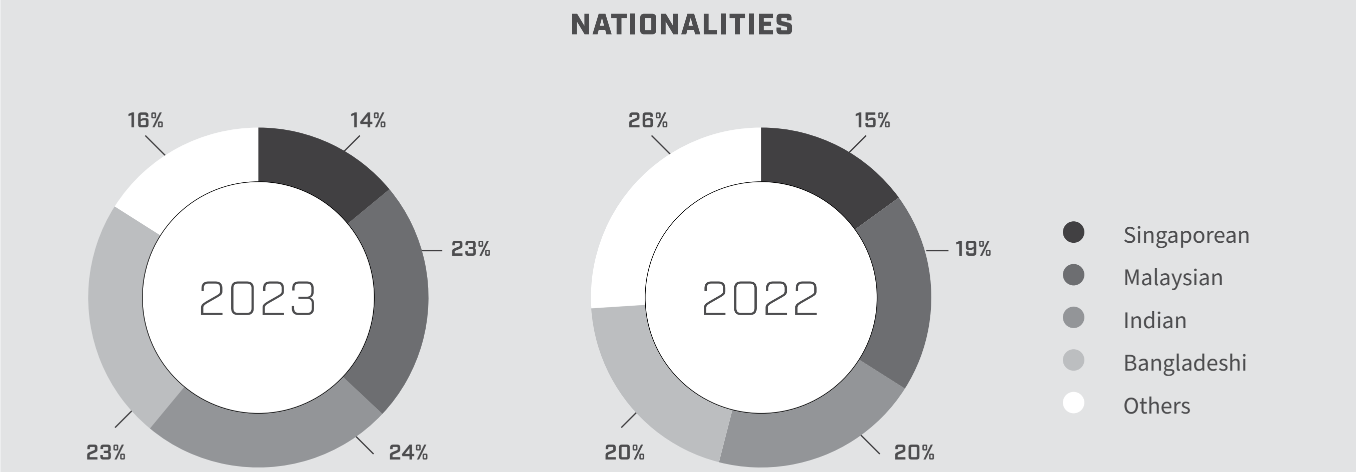
1 Accounts for full time and part time employees across Singapore, Malaysia and Myanmar regions.

SUSTAINABILITY REPORT

Our Group's employees for FY2022 and FY2023 were distributed as follow:







SUSTAINABILITY REPORT

Our 3 Year Performance

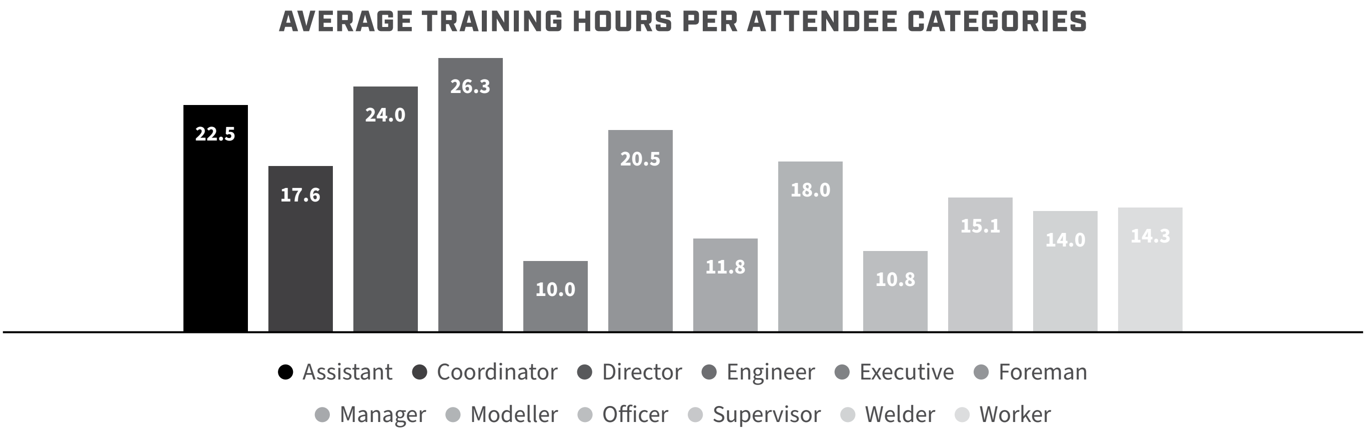
FY2023	FY2022	FY2021
0 (Target met)	0 (Target met)	0 (Target met)

Our Target (FY2024)

Similar to last year, we strive to have zero complaints on discrimination and continue to have diversity and equal opportunity for all employees in FY2024.

TRAINING AND EDUCATION

There were 62 training programmes being conducted with a total of 8,782 training hours attended by employees within FY2023. With a staff strength of 540 we have reached 16.26 average training hours per employee.



Further broken down to gender, the average training hours for male employees was 18.94 hours and female employees was 4.1 hours. The above graph is the breakdown of average training hours per attendee categories.

Sanli's commitment to training and education is unwavering. Due to the nature of our industry, we have more male employees compared to female employees, and hence more training sessions were conducted for workers to learn the Construction Safety Orientation Course ("**CSOC**") to apply Workplace Safety and Health ("**WSH**") in Construction Sites.

The following course objectives (not exhaustive) were attained during FY2023:

- To enable WSH Coordinator or Supervisor to acquire the knowledge and be equipped with the application skills to supervise WSH in the construction industry
- To adhere to MOM/WSHC that requires workers in the construction industry to attend and pass the CSOC to ensure that they have attained key knowledge to work safely
- To obtain knowledge about legal obligations of duty holders, including a project manager of a worksite, under the new WSH framework
- To train individuals to render first aid treatment to the casualty during an emergency or accident at the workplace
- To equip duty knowledge and expertise an entrant and attendant when working in a confined space, use gas detection instruments and participate in an emergency situation.

Our Target (FY2024)

We strive to continue develop our employees through relevant training initiatives.

SUSTAINABILITY REPORT

CUSTOMER PRIVACY

Sanli adopts an innovative and data-driven outlook in order to make business decisions and create value for our stakeholders for our long-term sustainability. However, we remain pragmatic in addressing the governance of customer data and potential data breaches. Data breaches may lead to hefty fines, loss of customers trust, and damage to our reputation. We prioritise customer privacy by adhering to relevant laws and regulations and ensuring our database to be protected by ongoing firewall to prevent unintended and malicious hacking activities.

Our 3 Year Performance

FY2023	FY2022	FY2021
No substantiated complaints received concerning breaches of data privacy, including data leaks, thefts and losses. (Target met)	No substantiated complaints received concerning breaches of data privacy, including data leaks, thefts and losses. (Target met)	No substantiated complaints received concerning breaches of data privacy, including data leaks, thefts and losses. (Target met)

Our Target (FY2024)

We strive to have zero substantiated complaints concerning data privacy breaches, leaks, thefts and losses in FY2024.

LOCAL COMMUNITIES

While achieving business goals is important, Sanli aims to make a positive impact and contribute to society.

Our 3 Year Performance

FY2023	FY2022	FY2021
No charity events conducted due to Covid-19. (Target not met)	No charity events conducted due to Covid-19. (Target not met)	No charity events conducted due to Covid-19. (Target not met)

Our Target (FY2024)

We will continue to seek opportunities to contribute and foster a corporate culture that cares about giving back to the community.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

Statement of Use	Sanli Environmental Limited has reported the information cited in GRI Content index for the period of 1 April 2022 to 31 March 2023 ("FY2023") with reference to the GRI standards 2021	
GRI 1 Used	**GRI 1: Foundation 2021**	
GRI STANDARD	**DISCLOSURE**	**LOCATION**
GRI 2: General Disclosures 2021	2-1 Organizational details	1
	2-2 Entities included in the organization's sustainability reporting	17-18
	2-3 Reporting period, frequency and contact point	17-18
	2-4 Restatements of information	None
	2-5 External assurance	17
	2-6 Activities, value chain and other business relationships	1
	2-7 Employees	29-32
	2-8 Workers who are not employees	30
	2-9 Governance structure and composition	39
	2-10 Nomination and selection of the highest governance body	42
	2-11 Chair of the highest governance body	41
	2-12 Role of the highest governance body in overseeing the management of impacts	17
	2-13 Delegation of responsibility for managing impacts	19-20
	2-14 Role of the highest governance body in sustainability reporting	19-20
	2-15 Conflicts of interest	37
	2-16 Communication of critical concerns	21-22
	2-17 Collective knowledge of the highest governance body	17
	2-18 Evaluation of the performance of the highest governance body	51
	2-19 Remuneration policies	54
	2-20 Process to determine remuneration	52
	2-21 Annual total compensation ratio	Unable to disclose due to confidentiality constraints
	2-22 Statement on sustainable development strategy	17
	2-23 Policy commitments	28
	2-24 Embedding policy commitments	28
	2-25 Processes to remediate negative impacts	25
	2-26 Mechanisms for seeking advice and raising concerns	21-22
	2-27 Compliance with laws and regulations	20-21
	2-28 Membership associations	23
	2-29 Approach to stakeholder engagement	21-23
	2-30 Collective bargaining agreements	None

SUSTAINABILITY REPORT

Statement of Use	Sanli Environmental Limited has reported the information cited in GRI Content index for the period of 1 April 2022 to 31 March 2023 ("FY2023") with reference to the GRI standards 2021	
GRI 1 Used	**GRI 1: Foundation 2021**	
GRI STANDARD	**DISCLOSURE**	**LOCATION**
GRI 3: Material Topics 2021	3-1 Process to determine material topics	23-24
	3-2 List of material topics	23-24
	3-3 Management of material topics	25-33
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	25
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	25
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	27
GRI 303: Water and Effluents 2018	303-5 Water consumption	27-28
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	29-30
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	28-29
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	32
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	30-32
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	33
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	33

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "**Board**" or "**Directors**") of Sanli Environmental Limited (the "**Company**" and together with its subsidiaries, the "**Group**") recognises the importance of corporate governance to shareholders and is committed to ensuring the practices recommended in the Code of Corporate Governance 2018 (the "**Code**") and the accompanying practice guidance as published by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 7 February 2020 (the "**Guide**") are practiced throughout the Group. The Company believes that good corporate governance provides the framework for an ethical and accountable corporate environment, which will maximise long-term shareholders' value and protect the interests of shareholders.

For the financial year ended 31 March 2023 ("**FY2023**"), the Company has adhered to the principles and guidelines set out in the Code and the Guide, where applicable, and will continue to review its practices on an ongoing basis. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide and explain how practices it had adopted are consistent with the intent of the relevant principle.

The Company will also continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure compliance with the Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") of the SGX-ST.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group. The Board as a whole brings a wide range of business, financial and legal experience relevant to the Group.

The principal functions of the Board, apart from its statutory responsibilities, are to:

(a) To set and direct strategic plans and performance objectives of the Group, to provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its objectives;
(b) To establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding shareholders' interests and the Company's assets;
(c) To review Management performance and advice on the Group's policies and procedures;
(d) To conduct periodic reviews of the Group's internal controls, financial performance, compliance practices and resource allocation;
(e) To review and approve financial plans and financial results, annual budgets, proposals for acquisitions, investments and disposals, material borrowings, fundraising exercises and announcements;
(f) To identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
(g) To set the Group's values and standards, including ethical standards, and ensure that obligations to shareholders and other stakeholders are understood and met;
(h) To consider sustainability issues that impact the economy, environmental and social factors, as part of its strategic formulation;
(i) To review the performance and succession planning of the key management personnel;
(j) To monitor and ensure the Group's compliance with good corporate governance practices; and
(k) Set the appropriate tone-from-the-top and desired organisational culture for the Company's values and standards (including ethical standards) and ensure that obligations to shareholders and other stakeholders are understood and met.

CORPORATE GOVERNANCE REPORT

Every Director, in the course of carrying out his duties, acts in good faith, provides insights and considers at all times, the interests of the Company. The Board is a representation of the shareholders in the Company and is accountable to them through effective governance of the business. The Company has in place an internal code of conduct and ethics and discipline policy to provide guidance to all officers and employees of the Group in resolving ethical questions that may arise in the course of their work for the Group.

In order to address and manage conflicts of interest, Directors are required to promptly declare any actual, potential and perceived conflict of interest, in relation to a transaction or proposed transaction at a Board meeting or by written notification to the company secretary (the "**Company Secretary**"). In addition, the Company has in place procedures for Directors to give general notice of any interests in any corporation or firm, in order to anticipate possible conflicts of interest between the Director and the Group. This procedure is conducted upon appointment and annually, prompting Directors to update any change in interests and/or confirm its previous disclosures. Directors that are in conflict of interest with the Company, whether actual or potential, are required to inform the Board immediately and recuse themselves from discussions and abstain from voting on the matter.

To facilitate effective management of the Group's affairs, the Audit Committee (the "**AC**"), Remuneration Committee (the "**RC**") and Nominating Committee (the "**NC**") (collectively, the "**Board Committees**"), have been constituted to assist the Board in the discharge of specific responsibilities. The Board Committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis. The role and function of each committee is described in subsequent sections in this report. The compositions of the Board Committees are as follows:-

	AC	NC	RC
CHAIRMAN	Chan Hock Leong	Latiff Bin Ibrahim	Ng Lip Chi, Lawrence
MEMBER	Ng Lip Chi, Lawrence	Ng Lip Chi, Lawrence	Chan Hock Leong
MEMBER	Latiff Bin Ibrahim	Chan Hock Leong	Latiff Bin Ibrahim
MEMBER	-	Sim Hock Heng	-

The schedule of all Board and Board Committees meetings and the Annual General Meeting (the "**AGM**") for each financial year is planned well in advance, in consultation with the Directors. The Board will meet at least two (2) times a year at regular intervals and on an ad-hoc basis where warranted by the circumstances. The constitution of the Company (the "**Constitution**") also provides for telephonic and video-conference meetings. In addition to holding meetings, important matters regarding the Group are also put to the Board for decision making by way of written resolutions.

The number of Board and Board Committees meetings held during FY2023 and the attendance of each Director, where relevant, are as follows:-

	Board		AC		NC		RC	
	Number Of Meetings		Number Of Meetings		Number Of Meetings		Number Of Meetings	
Name Of Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Kew Boon Kee	3	3	NA	NA	NA	NA	NA	NA
Sim Hock Heng	3	3	NA	NA	2	2	NA	NA
Lee Tien Chiat	3	3	NA	NA	NA	NA	NA	NA
Ng Lip Chi, Lawrence	3	3	2	2	2	2	2	2
Chan Hock Leong	3	3	2	2	2	2	2	2
Latiff Bin Ibrahim	3	3	2	2	2	2	2	2

Note:

NA: Not Applicable.

CORPORATE GOVERNANCE REPORT

Directors are involved in the supervision of the management of the Group's operations. The Company has internal guidelines and approval limits for operational, financial and capital expenditure requirements. Under these guidelines, the matters which specifically require the Board's decision or approval are those involving:

- Material acquisitions or disposals of assets, major funding proposals and investments and divestment proposals;
- Corporate strategy and business plans;
- Share issuance, recommending dividend payments and other returns to shareholders;
- Annual budgets, half-year and full-year financial results announcements, annual reports and audited financial statements for each financial year;
- The appointment and remuneration packages of the directors and key management personnel;
- Approving appointments to the board and the various board committees;
- Material interested person transactions, matters involving conflict of interest for a substantial shareholder or a Director and assuming responsibility for corporate governance practices; and
- All matters of strategic importance.

While matters relating to the Group's strategies and policies require the Board's direction and approval, the Management is responsible for the day-to-day operations and administration of the Group.

All newly appointed Directors will undergo an orientation programme and be briefed by the Management on the Group's business, operations, structure and governance practices relating to, *inter alia*, disclosure of interests in the Company's securities, prohibition on dealings in the Company's securities and restrictions on the disclosure of price- and trade- sensitive information. For a first-time Director who does not have prior experience as a Director of a public listed company in Singapore, the Company will arrange for the first-time Director to attend the SGX-ST's prescribed training courses organised by the Singapore Institute of Directors ("**SID**") on the roles and responsibilities of a Director of a listed company and other training institutions in areas such as management accounting, legal and industry-specific knowledge, where appropriate. To obtain a better understanding of the Group's business, the first-time Director will have the opportunity to visit the Group's operational offices and facilities and meet with the key management personnel(s).

The Company is responsible for arranging and funding briefings, updates, seminars and training courses for the Directors. The Board is updated, from time to time, when new laws or regulations affecting the Group are introduced. The professional advisors to the Company will conduct briefings and presentations to update the Board in areas such as corporate governance, changes to laws and regulations pertaining to the Group's business and operations, and changes in financial reporting standards. The Directors are also encouraged to attend seminars and training courses that will assist them in executing their obligations and responsibilities as Directors of the Company.

During FY2023, the Directors were provided with briefings and updates on: (i) the developments in financial reporting and governance standards by the external auditors; and (ii) changes in the relevant laws and regulations pertaining to the Group's business and changing commercial risks and business conditions of the Group by the Management during the Board and Board Committee meetings. The Executive Directors have attended training courses organised by SID in relation to Director Financial Reporting Fundamentals and Stakeholder Engagement.

All Board Committees are constituted with clear terms of reference to assist the Board in discharging its functions and responsibilities. Formal letters of appointment and terms of references are furnished to every newly-appointed Director upon their appointment, explaining, among other matters, their roles, obligations, duties and responsibilities as a member of the Board. Directors with multiple board representations are to disclose such board representations and ensure that sufficient time and attention are given to the affairs of the Company.

CORPORATE GOVERNANCE REPORT

The Directors can also request further briefings or information on any aspect of the Group's business or operations from the Management. Directors have separate and independent access to the Company Secretary. The Company Secretary or his/her representatives attend all Board meetings and Board Committees meetings to ensure that Board procedures are followed and that applicable rules and regulations, and all governance matters are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

As at the date of this report, the Board comprises six (6) Directors as follows:

NAME OF DIRECTOR	DESIGNATION
Ng Lip Chi, Lawrence	Non-Executive Chairman and Independent Director
Kew Boon Kee	Deputy Chairman and Executive Director
Sim Hock Heng	Chief Executive Officer and Executive Director ("**CEO**")
Lee Tien Chiat	Executive Director
Chan Hock Leong	Non-Executive and Independent Director
Latiff Bin Ibrahim	Non-Executive and Independent Director

The Non-Executive and Independent Directors have made up at least one third (1/3) of the Board, and the Non-Executive Chairman and the CEO are not the same person. This enables the Board to exercise independent and objective judgement on corporate affairs and no individual or small group of individuals dominate the decisions of the Board.

Under Provision 2.3 of the Code, it provides that Non-Executive Directors shall make up a majority of the Board. The Board is of the view that the current Board size and composition are appropriate for the time being for the facilitation of effective decision making, taking into account the nature and scope of the Company's operations. The Board will meanwhile deliberate whether the Company will make any changes to the Board's composition. The Non-Executive and Independent Chairman and the Independent Directors ensure that the Company's current Board's composition is consistent with the intent of Principle 2.

The NC, reviews the independence of each Director on an annual basis, in accordance with the Guide as set out in the Code and the Catalist Rules. Each of the Independent Directors has completed a declaration form and confirmed his independence. The Independent Directors being, Mr Ng Lip Chi, Lawrence, Mr Chan Hock Leong, and Mr Latiff Bin Ibrahim, have confirmed that they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers with shareholdings of 5% or more in the voting shares of the Company that could interfere or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company.

In relation to the assessment of the independence of the Directors, specific tests of Directors' independence have been hardcoded into the Catalist Rules to clarify that these circumstances which deemed Directors not to be independent should be applied without any exceptions. Rules 406(3)(d) stipulates that a director will not be independent if he is employed by the issuer or any of its related corporations for the current or any of the past three financial years; or if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporations for the past three financial years, and whose remuneration is determined by the remuneration committee of the issuer; or if he has been a director of the issuer for an aggregate period of more than nine (9) years (whether before or after listing). In this regard, the Independent Directors have confirmed that they and their respective associates do not have any employment relationships with the Company or any of its related corporations for the current or any of the past three (3) financial years. As at the date of this report, none of the Independent Directors has served on the Board beyond nine (9) years since the date of his first appointment.

The NC has reviewed and confirmed the independence of the Independent Directors. The Board has determined, taking into account the views of the NC, that Mr Ng Lip Chi, Lawrence, Mr Chan Hock Leong and Mr Latiff Bin Ibrahim are independent in character and judgement and that there are no relationships or circumstances which are likely to affect, or could appear to affect, the judgement of each of the aforesaid Directors. There are no Directors who are deemed independent by the Board, notwithstanding the existence of a relationship as stated in the Code, that would otherwise deem him not to be independent.

The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group's operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees, the Board, in concurrence with the NC, believes that its current Board size and the existing composition of the Board Committees can effectively serve the Group. The current Board size and composition provide sufficient diversity of skills, experience and knowledge of the Company without interfering with efficient decision-making.

With the recommendation of the NC, the Company has adopted a Diversity Policy in the financial year 2023 setting out its policy and framework for promoting diversity on the board.

While the Board recognises the importance of promoting diversity in terms of gender, age, and ethnicity, it emphasises that the selection criteria based on an effective blend of competencies, skills, extensive experience, and knowledge to strengthen the Board should remain a priority.

The Company does not set specific targets for gender diversity but is committed to appointing female directors to the Board whenever suitable opportunities arise. The Company upholds an environment of respect for individuals, regardless of their gender, in all business dealings. It strives to create a workplace free from gender-based harassment and discrimination, considering factors such as physical or mental state, ethnicity, nationality, religion, age, or family status. The same principle applies to the selection of potential candidates for Board appointments, with the aim of attracting and retaining women's participation on the Board.

The Company does not set specific targets for age diversity within the boardroom but will work towards achieving appropriate age diversity on the Board when suitable opportunities arise. The Company does not impose an age limit for directors, recognizing that these individuals are typically respected and experienced in the corporate world, capable of making significant contributions to the Board's guidance of the Company. The Board is fully committed to promoting age diversity, valuing the contributions of its members irrespective of age, and striving to eliminate age stereotyping and discrimination.

If any search firm is engaged in identifying candidates for appointment to the Board, normal search criteria of having suitable competencies, skills, extensive experience and knowledge should remain a priority. Notwithstanding, the Board would also take into consideration of diversity (in terms of age, gender and ethnicity), experienced and reputable candidates.

The Nominating Committee will continue to review the effectiveness of the Board Diversity Policy and recommend appropriate revisions to the Board for consideration and approval, ensuring its ongoing effectiveness.

The Board comprises Directors who as a Group, provide an appropriate balance and diversity of skills, experience and knowledge of the Company. The Board also provides core competencies such as accounting and finance, legal expertise, business and management experience, industry knowledge, strategic planning experience, customer-based experience and knowledge and this enables Management to benefit from a diverse and objective external perspective on issues raised before the Board.

The Board, with the assistance of the NC, has established and adopted an assessment system and evaluation forms to assess annually the existing attributes and core competencies of the Board, and whether are they complementary to enhance the efficacy of the Board as a whole. The Directors also evaluate, at least once a year, the skill sets that the other Directors possess, with a view to understanding the range of expertise that is lacking by the Board.

The NC will compile the feedback from the forms and discuss the results of these exercises and consider its recommendations to the Board to maintain or further enhance its balance and diversity.

The Independent Directors, who are Non-Executive Directors, are kept well informed of the Group's business and be knowledgeable about the industry the Group operates in. The Independent Directors will constructively challenge and assist in the development of proposals on strategy and assist the Board in reviewing the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. Their views and opinions will provide alternative perspectives to the Group's business. When challenging the Management proposals or decisions, they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.

When necessary, the Independent Directors will have discussions among themselves without the presence of Management and provide feedback to the Board and Management after such meetings, where appropriate.

To ensure that the Independent Directors are well supported by accurate, complete and timely information, they have unrestricted access to the Management at all times in carrying out its duties, and will be provided sufficient time and resources to discharge their oversight functions effectively. The Management provides the Board with adequate and timely information on an ongoing basis including Board papers and related materials, and updates on initiatives and developments for the Group's business whenever possible.

The Independent Directors also met and discussed with the external and internal auditors post-FY2023, in the absence of the Executive Directors and key management personnel. To facilitate a more effective check on Management, the Independent Directors may meet, where necessary, without the presence of the Executive Directors and the Management.

Chairman and Chief Executive Officer

Principle 3: *There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.*

The Non-Executive Chairman and Independent Director of the Board is Mr Ng Lip Chi, Lawrence and the CEO of the Company is Mr Sim Hock Heng.

The roles of the Non-Executive Chairman and CEO are separated to ensure a clear division of their responsibilities, increased accountability and greater capacity of the Board for independent decision making. The Non-Executive Chairman is not related to the CEO.

The Non-Executive Chairman oversees the business of the Board. He leads the Board discussions and ensures that Board meetings are convened when necessary. He sets the Board meeting agenda in consultation with the CEO and the Company Secretary, and ensures sufficient allocation of time for thorough discussions. He ensures that the Directors receive complete adequate and timely information and encourages constructive communications between the Board and key management personnel to facilitate efficient decision making. The Non-Executive Chairman also promotes an open concept culture and debate among the Board members, ensuring effective communication with shareholders. He also facilitates the effective contribution of the Non-Executive Directors in particular, as well as promoting high standards of corporate governance of the Group.

The CEO takes a leading role in developing the business of the Group and manages the day-to-day operations with the assistance of the Executive Directors and key management personnel. He also oversees the execution of the Group's business and corporate strategy decisions made by the Board.

CORPORATE GOVERNANCE REPORT

The Company has not appointed a Lead Independent Director as the Chairman and the CEO is not the same person. The Independent Directors are available to shareholders where they have concerns and for which contact through the normal channels of the CEO or the Chief Financial Officer has failed to resolve or is inappropriate.

Board Membership	
Principle 4:	*The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.*

The NC consists of three (3) Independent Directors and one (1) Executive Director. Accordingly, majority of the NC, including the NC Chairman is independent. The NC meets at least once every year. The members of the NC as at the date of this report are:-

Latiff Bin Ibrahim	(Chairman)
Ng Lip Chi, Lawrence	(Member)
Chan Hock Leong	(Member)
Sim Hock Heng	(Member)

The NC is guided by the key terms of reference as follows:

- To make recommendations to the Board on the appointment of directors, including making recommendations on the composition of the Board and assessing the balance between executive and non-executive Directors appointed to the Board;

- To regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;

- To determine the process for search, nomination, selection and appointment of new board members (including alternate directors, if appropriate) and be responsible for assessing nominees or candidates for appointment or election to the Board, determining whether or not such nominee has the requisite qualifications and whether or not he/she is independent;

- To be responsible for succession planning as and when the circumstance arises, in particular for the Chairman and the CEO;

- To recommend Directors who are retiring by rotation to be put forward for re-election. All Directors are required to submit themselves for re-appointment and re-election at regular intervals and at least every three (3) years;

- To review annually whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations and other principal commitments;

- To recommend the process and criteria for assessing the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution and commitment of the Chairman and each individual Director to the effectiveness of the Board and assist to implement these assessments;

- To review induction and training needs of Directors including professional development programs;

- To be responsible for the progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation and candour);

- To review and approve any new employment of persons related to the Directors and/or substantial shareholders and the proposed terms of their employment;

- To make recommendations to the Board concerning suitable candidates for the role of lead independent director (if required); and

- To ensure that, upon appointment to the Board, all newly-appointed directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside of board meetings.

Each member of the NC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his own performance or re-nomination as director.

The NC has reviewed the independence of each Independent Director and is of the view that Mr Ng Lip Chi, Lawrence, Mr Chan Hock Leong and Mr Latiff Bin Ibrahim are independent as defined in the Code and the Catalist Rules and are able to exercise judgement on the corporate affairs of the Group independently of the Management.

The Board has not capped the maximum number of listed company board representations each Director may hold as the NC is of the view that the Directors are able to and have adequately carried out their duties as Directors of the Company.

The Board is of the view that at present, it would not be meaningful to define the maximum number of listed company directorships which any director may hold and would review the matter on a case-by-case basis, taking into account the ability and performance of each Director in his/her performance and discharge of duties and responsibilities.

The NC also believes that it is for each Director to assess his own capacity and ability to undertake other obligations or commitments together with serving on the Board effectively. The NC does not wish to omit from considering outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board. The NC, with the concurrence of the Board, is satisfied that sufficient time and attention to the affairs of the Company have been given by those Directors who have multiple board representations.

The Board provides for appointment of alternate Director only in exceptional cases such as when a Director has a medical emergency. The Board will take into consideration the same criteria for selection of directors such as his qualifications, competencies, and independence. Currently, the Company does not have alternate Directors.

The NC is responsible for identifying candidates and reviewing all nominations for the appointments of new Directors.

When an existing Director chooses to retire or the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC, in consultation with the Board, evaluates and determines the selection criteria so as to identify candidates with the appropriate expertise and experience for the appointment as new Director. The selection criterion includes integrity, diversity of competencies, expertise, industry experience and financial literacy. The NC seeks potential candidates widely and beyond Directors / Management recommendations and is empowered to engage external parties, such as professional search firms, to undertake research on or assessment of candidates as it deems necessary.

The NC then meets with the shortlisted potential candidates with the appropriate profile to assess suitability and to ensure that the candidates are aware of the expectation and the level of commitment required, before nominating the most suitable candidate to the Board for approval and appointment as Director.

CORPORATE GOVERNANCE REPORT

The role of the NC also includes the responsibility of reviewing the re-nomination of Directors who retire by rotation, taking into consideration the Directors' integrity, independence mindedness, contribution and performance (such as attendance, participation, preparedness and candour) and any other factors as may be determined by the NC.

Pursuant to Regulation 108 of the Company's Constitution, at least one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to one-third) shall retire from office by rotation at each AGM. All Directors shall retire from office once every three years.

In accordance with Regulation 109 of the Company's Constitution, the Directors to retire every year shall be subject to retirement by rotation based on who has been the longest in office since their last re-election or appointment. For Directors who were appointed or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. Regulation 110 of the Company's Constitution provides that a retiring Director shall be eligible for re-election.

Regulation 118 of the Company's Constitution further provides that, the Company may, by Ordinary Resolution, appoint any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director so appointed shall only hold office until the next AGM of the Company and thereafter be eligible for re-election at the AGM, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Pursuant to the Company's Constitution, the NC has recommended two (2) Directors, namely Mr Ng Lip Chi, Lawrence (Independent Director) and Mr Latiff Bin Ibrahim (Independent Director) to retire as Directors of the Company by rotation at the forthcoming AGM. All proposed Directors, being eligible, have offered themselves for re-election. Upon re-election, they will remain as Directors of the Company.

The key information of the Directors, including their profiles, and academic and professional qualifications are set out under the section titled "Board of Directors" of this Annual Report.

The shareholdings of the individual Directors of the Company are set out on page 65 of this Annual Report. None of the Directors holds shares in the subsidiaries of the Company.

CORPORATE GOVERNANCE REPORT

Details of the appointment of the Company's current Directors including date of initial appointment, Directorship in other listed companies, both current and for the preceding three (3) years and other principal commitments:-

Name of Director & Designation	Age	Date of Initial Appointment	Date of Last Re-Appointment	Present Directorship In Other Listed Companies	Past Directorships In Other Listed Companies Over The Preceding Three (3) Years	Other Principal Commitments
Ng Lip Chi, Lawrence (Non-Executive Chairman and Independent Director)	52	11 May 2017	25 September 2020	UG Healthcare Corporation Limited	NIL	Present: 1. NLC Advisory Pte. Ltd. (Executive Director) Past: NIL
Sim Hock Heng (Chief Executive Officer and Executive Director)	53	27 February 2017	29 September 2021	NIL	NIL	NIL
Kew Boon Kee (Deputy Chairman and Executive Director)	52	27 February 2017	28 July 2022	NIL	NIL	NIL
Lee Tien Chiat (Executive Director)	51	27 February 2017	29 September 2021	NIL	NIL	NIL
Chan Hock Leong (Independent Director)	52	11 May 2017	28 July 2022	NIL	NIL	Present: 1. Mazars LLP (Managing Partner) Past: NIL

CORPORATE GOVERNANCE REPORT

Name of Director & Designation	Age	Date of Initial Appointment	Date of Last Re-Appointment	Present Directorship In Other Listed Companies	Past Directorships In Other Listed Companies Over The Preceding Three (3) Years	Other Principal Commitments
Latiff Bin Ibrahim (Independent Director)	64	19 October 2020	29 September 2021	NIL	NIL	Present: 1. Muhammadiyah Welfare Home (Board Member & Management Committee) 2. Nanyang Academy of Fine Arts (Board Member) 3. Fa-iM Pte Ltd (Director & Shareholder) Past: 1. Jurong Health Services Pte Ltd (Director) 2. MOH Community Silver Trust Evaluation Panel (Member) 3. Warees Investments Pte Ltd (Director and Deputy Chairman) 4. Warees Halal Limited (Chairman) 5. National University Health System Pte Ltd (Director) 6. National Crime Prevention Council (Board Member) 7. NUH Health Research Endowment Fund (Trustee) 8. NUHS Fund Limited (Director) 9. Singapore Muslim Religious Council (Member of Syariah Court Appeal Board) 10. National Council of Social Service (Honorary General Secretary and Board Member)

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Ng Lip Chi, Lawrence and Mr Latiff Bin Ibrahim are the Directors seeking re-election at the forthcoming AGM of the Company to be convened on 28 July 2023 (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to the Retiring Directors in accordance with Appendix 7F of the Catalist Rules is set out below and to be read in conjunction with their respective profiles under the section entitled "Board of Directors" of this Annual Report:

	Mr Ng Lip Chi, Lawrence	**Mr Latiff Bin Ibrahim**
Date of appointment	11 May 2017	19 October 2020
Date of last re–appointment (if applicable)	25 September 2020	29 September 2021
Age	52	64
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Mr Ng Lip Chi, Lawrence ("**Mr Lawrence Ng**") has continued to discharge his duties as Independent Director well and to contribute positively to the Company.	Mr Latiff Bin Ibrahim ("**Mr Latiff**") has continued to discharge his duties as Independent Director well and to contribute positively to the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive Director	Non-Executive Director
Job title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Chairman and Independent Director Chairman of the RC, a member of the AC and the NC.	Independent Director Chairman of the NC, a member of the AC and the RC.
Professional qualifications	Chartered Financial Analyst, Bachelor of Business Administration degree from the National University of Singapore	Advocate & Solicitor - Supreme Court of Singapore Member - The Law Society of Singapore Member – Singapore Academy of Law Arbitrator – Singapore International Arbitration Center Fellow - Singapore Institute of Arbitrators Accredited Adjudicator - Singapore Mediation Center

CORPORATE GOVERNANCE REPORT

	Mr Ng Lip Chi, Lawrence	Mr Latiff Bin Ibrahim
Working experience and occupation(s) during the past 10 years	June 2017 – Present Sanli Environmental Limited - Non–Executive Chairman and Independent Director Year 2014 – Present UG Healthcare Corporation Limited - Independent Director, Year 2014 – Present NLC Advisory Pte. Ltd. - Executive Director Year 2018–Year 2019 Lifebrandz Ltd. Lead Independent Director Year 2015 – Year 2017 DC Frontiers Pte. Ltd. - Head – Strategy and Business Development	Year 2013 – present Ramdas & Wong – Consultant
Shareholding interest in the listed issuer and its subsidiaries	NIL	NIL
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules has been submitted to the listed issuer	Yes	Yes

CORPORATE GOVERNANCE REPORT

	Mr Ng Lip Chi, Lawrence	Mr Latiff Bin Ibrahim
Other principal commitments including directorships • *For the last 5 years*	Lifebrandz Ltd. (Director)	1. Jurong Health Services Pte Ltd (Director) 2. National University Health System Pte Ltd (Director) 3. National Crime Prevention Council (Board Member) 4. NUH Health Research Endowment Fund (Trustee) 5. NUHS Fund Limited (Director) 6. Singapore Muslim Religious Council (Member of Syariah Court Appeal Board) 7. National Council of Social Service (Honorary General Secretary and Board Member)
• *Present*	UG Healthcare Corporation Limited (Director) NLC Advisory Pte. Ltd. (Executive Director)	1. Muhammadiyah Welfare Home (Board Member & Management Committee) 2. Nanyang Academy of Fine Arts (Board Member) 3. Fa-iM Pte Ltd (Director & Shareholder)

	Mr Ng Lip Chi, Lawrence	Mr Latiff Bin Ibrahim
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

CORPORATE GOVERNANCE REPORT

	Mr Ng Lip Chi, Lawrence	Mr Latiff Bin Ibrahim
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere, or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere; or	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual Directors.

CORPORATE GOVERNANCE REPORT

The Board has established processes to be carried out by the NC, for monitoring and evaluating the performance of the Board as a whole and Board Committees, and the effectiveness and contribution of each individual Director annually. The Board has not engaged any external facilitator in conducting the assessment of the Board's and Board Committees' performance and the performance of individual Directors. Where relevant, the NC will consider such engagement.

For the evaluation process, the Directors will complete a Board evaluation questionnaire which seeks to assess the effectiveness of the Board and the Board Committees, covering areas including, amongst others, the size and composition of the Board, the Board's access to information, Board's approval processes and accountability annually. The results are then collated by the Company Secretary who will submit to the NC Chairman in the form of a report. The report will be discussed during the NC meeting with a view to implementing recommendations to further enhance the effectiveness of the Board and/or the Board Committees, following which the NC will recommend to the Board key areas for improvement and follow-up actions.

The contribution of each individual Director to the effectiveness of the Board is assessed individually and reviewed by the NC Chairman. The assessment criteria includes, *inter alia*, Director's attendance, commitment of time, candour, participation, knowledge and abilities, teamwork and overall effectiveness. The performance of each Director will be taken into account in his/her re-election or re-appointment.

The NC, having reviewed the overall performance of the Board in terms of its roles and responsibilities and the conduct of its affairs as a whole, and the individual Director's performance, is of the view that the performance of the Board, the Board Committees and each individual Director has been satisfactory for the period under review.

Each member of the NC shall abstain from voting on any resolutions and making any recommendation and/or participating in any deliberations of the NC in respect of the assessment of his/her own performance or re-nomination as Director.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The RC consists of three (3) Independent Directors. All members of the RC, including the RC Chairman, are independent and non-executive directors. The RC meet at least once every year. The RC comprises the following members:-

Ng Lip Chi, Lawrence	(Chairman)
Chan Hock Leong	(Member)
Latiff Bin Ibrahim	(Member)

The RC is guided by the key terms of reference as follows:-

- To review and recommend to the Board a general framework of remuneration for the Board and key management personnel, review and make remuneration recommendations, in consultation with the Chairman of the Board the specific remuneration packages for each Director, key management personnel and employees who are immediate family members of a director or CEO;
- To review the design of any long-term incentive schemes for approval by the Board and shareholders and to determine whether the Executive Directors and key management personnel should be eligible for benefits under long-term incentive schemes;
- To review the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC should aim to be fair and avoid rewarding poor performance;
- To review and determine the link between remuneration paid to the Executive Directors and key management personnel with the performance taking into account long-term and short-term incentive schemes;
- To review the ongoing appropriateness and relevance of the remuneration policy in place for each director, key management personnel and employees who are immediate family members of a director or CEO;
- As part of its review, the RC shall ensure that:-

  (i) all aspects of remuneration including directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind should be considered;

(ii) the remuneration of non-executive directors should be appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the directors. Non-Executive Directors should not be over- compensated to the extent that their independence may be compromised. The RC should consider implementing schemes to encourage Non-Executive Directors to hold shares in the Company so as to better align the interests of such Non-Executive Directors with the interests of shareholders;

(iii) the remuneration package of employees who are immediate family members of a director or the CEO, if any, are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibility;

(iv) the existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; and

(v) the costs and benefits of all long-term incentive schemes should be carefully evaluated.

Each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his/her own remuneration package.

The RC reviews and recommends to the Board the specific remuneration packages for the Directors and key management personnel. The recommendations of the RC will be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits in kind, will be covered by the RC.

Where applicable, the RC will also review annually the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. In the event that a member of the RC is related to the employee under review, he/she will abstain from participating in the review and voting on any resolution in relation to the remuneration package of that employee related to them.

If necessary, the RC will seek expert advice inside and/or outside the Company on the remuneration of the Directors and key management personnel. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. During the financial year, the RC did not require the service of an external remuneration consultant.

The RC reviews the Company's obligations arising in the event of termination of service contracts entered into between the Group and its Executive Directors or key management personnel, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly onerous to the Group.

Annual review of the remuneration packages is carried out by the RC to ensure that the remuneration of the Executive Directors and key management personnel is commensurate with their performance and that of the Company, giving due regard to the financial and commercial health and business needs of the Group. The remuneration of the Executive Directors (together with other key management personnel) is reviewed periodically by the RC and the Board.

The remuneration of the Executive Directors and the key management personnel consists of fixed salary and allowances. The Executive Directors do not receive Directors' fees. There is variable compensation which is determined based on the level of achievement of corporate and individual performance objectives. Such performance-related remuneration is structured to align with the interests of shareholders and promote the long-term success of the Company.

The RC recommends to the Board a framework of remuneration for the Directors and key management personnel taking into account employment conditions within the industry and the Group's performance to ensure that the package is competitive and sufficient to attract, retain and motivate them to run the Group successfully in order to maximise shareholders' value. Each RC member shall abstain from the decision-making process concerning his own remuneration.

The Company advocates a performance-based remuneration system for Executive Director and key management personnel that is flexible and responsive to the market, comprising a base salary and other fixed allowances, as well as variable performance bonus which is based on the Group's performance and the individual's performance, such as management skills, process skills, people skills and business planning skills. This is designed to align remuneration with the interests of shareholders and link rewards to corporate and individual performance so as to promote the long-term sustainability of the Group.

Each of the Executive Directors has entered into a service agreement with the Company and the terms of these service agreements are reviewed by the RC annually. Each of the Service Agreements is valid for an initial period of three (3) years with effect from the date of admission of the Company to Catalist. Upon the expiry of the initial period of three (3) years, the employment of each Executive Director shall be automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree in writing. During the initial period of three (3) years, either party may terminate the Service Agreement at any time by giving to the other party not less than six (6) months' notice in writing, or in lieu of notice, payment of an amount equivalent to six (6) months' salary based on the Executive Directors' last drawn monthly salary.

Each of the Executive Directors shall abstain from voting in respect of any resolution or decision to be made by the Board in relation to the terms and renewal of his service agreement.

The Independent Directors do not have service contracts with the Company and are paid directors' fees which are recommended by the Board and the RC, based on factors such as their level of contributions, effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the directors. The Company recognises the need to pay competitive fees to attract, motivate and retain directors without being excessive to the extent that their independence might be compromised.

Director's fees are recommended by the Board for approval by the shareholders at the AGM of the Company.

Having reviewed and considered the variable components of the remuneration of the Executive Directors and the key management personnel, the RC is of the view that there are currently no requirements to implement contractual provisions to allow the Company to reclaim incentive components of their remuneration packages.

In addition, the Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

The Company's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Company's business objective and create sustainable value for its stakeholders. The remuneration policy articulates to the Executive Directors and key management personnel the link between total compensation to the achievement of organisational and individual performance objective, and benchmarked against relevant and comparative compensation in the market.

The Company has chosen to make disclosure in relation thereto in bands of S$250,000 with a breakdown in percentage. The Company is of the view that such disclosures would provide adequate information on the remuneration policies and practice of the Group while maintaining the confidentiality of the Directors' remuneration matters.

CORPORATE GOVERNANCE REPORT

The Board is of the view that full disclosure of the specific remuneration of each individual Director and key management personnel is not in the best interests of the Company, taking into account the sensitive nature of the subject, the competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group.

The breakdown for the remuneration of the Directors in FY2023 is as follows:-

Name of Director	Salary (%)	Bonus (%)	Benefits in Kind (%)	Directors' Fees*1 (%)	Total (%)
Between S$500,001 and S$750,000					
Sim Hock Heng	53	42	5	–	100
Kew Boon Kee	53	42	5	–	100
Lee Tien Chiat	53	42	5	–	100
Below S$250,000					
Ng Lip Chi, Lawrence	–	–	–	100	100
Chan Hock Leong	–	–	–	100	100
Latiff Bin Ibrahim	–	–	–	100	100

Note:
*1 The directors' fees are subject to approval by shareholders at the forthcoming AGM.

The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) in FY2023 is as follows:

Name of Key Management Personnel	Salary (%)	Bonus (%)	Benefits in Kind (%)	Allowance (%)	Total (%)
Below S$250,000					
Michael Law Sai Leung, CFO	80	8	6	6	100
Chua Chwee Tian Andrew, Managing Director of Enviro Plant & Engineering Pte. Ltd.	78	8	7	7	100

The total remuneration paid to the two (2) key management personnel in FY2023 was S$427,587.

There was no employee of the Group whose remuneration exceeds S$50,000 and who is an immediate family member of any Directors or the CEO during FY2023.

There were no termination, retirement and post-employment benefits that were granted to Directors and key management personnel as of the date of this report.

CORPORATE GOVERNANCE REPORT

The Company has adopted a share option scheme known as the “Sanli Employee Share Option Scheme” (“**Sanli ESOS**”) which was approved by its shareholders at an extraordinary general meeting held on 26 May 2022 (the “**establishment date**”). The Sanli ESOS had a 10-year tenure commencing on the establishment date and will provide eligible participants with an opportunity to participate in the equity of the Company and motivate them towards better performance through increased dedication and loyalty. The Sanli ESOS forms an integral and important component of the compensation plan and is designed primarily to reward and retain employees whose services are vital to the growth and performance of the Company and the Group. As of the date of this Report, no options have been granted under the Sanli ESOS.

To recognise and reward employees for their past contributions and services to the Company, and to align their interest with the Group to encourage greater dedication and loyalty to the Group, 83 employees received Employee Shares from Typha Holdings Pte. Ltd. at the pre-IPO stage. Details of the Employee Shares are set out in the Company’s Offer Document.

The remuneration received by the Executive Directors and key management personnel takes into consideration the Group’s performance and his/her individual performance and contribution towards the overall performance of the Group. Their remuneration is made up of fixed and/or variable compensations. The fixed compensation consists of an annual base salary and allowances. The variable compensation is based on the level of achievement of corporate and individual performance objectives.

The terms of their service agreements and remuneration packages are subject to review by the RC. There are no excessive or onerous clauses in these service agreements.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Control

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board believes that it should conduct itself in a way that delivers maximum sustainable value to its shareholders. Timely releases of the Group’s financial results and all significant information to shareholders as well as the prompt fulfilment of statutory requirements are ways to maintain shareholders’ confidence and trust in the Board’s capability and integrity.

The Board, with the assistance of the professional advisors, ensures compliance with the disclosure requirements under the Catalist Rules. In this regard, the Company demonstrates its accountability to its shareholders by announcing its financial results on a half-yearly basis and other information via SGXNet in accordance with the requirements of the SGX-ST, so that the shareholders can have a detailed explanation and balanced assessment of the Group’s financial position and prospects.

The Board provides a negative assurance statement to the shareholders in its half-yearly financial statements announcement in accordance with Rule 705(5) of the Catalist Rules. For the financial year under review, the Board has received assurance from the CEO and the CFO that to the best of their knowledge, the financial records have been properly maintained and the financial statements give a true and fair view of the Group’s operations and finances. The Board has also received assurance from CEO and other key management personnel that the risk management and internal control (including financial, operational, compliance and information technology controls) systems are adequate and effective, based on the established risk management and internal control systems.

In addition, the Company had, pursuant to Rule 720(1) of the Catalist Rules, received undertakings from all its Directors and executive officers that they each shall, in the exercise of their powers and duties as Directors and officers comply with the best of their abilities with the provisions of the Catalist Rules and will also procure the Company to do so.

CORPORATE GOVERNANCE REPORT

The Management provides the Board with updates covering operational performance, financial results, marketing and business development and other relevant information on a regular basis as the Board may require from time to time, enabling the Board to make a balanced and informed assessment of the Company's performance, position and prospect.

The Board acknowledges its responsibilities for the governance of risks and the overall internal control framework, but recognizes that no cost-effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve the business objective, and can provide only reasonable and not absolute assurance against material misstatements or loss.

Risk assessment and evaluation have become an essential part of the business planning and monitoring process. Having identified the risks to the achievement of the Group's strategic objectives, each business unit is required to document the mitigating actions in place and/or proposed in respect of each significant risk. Risk awareness and ownership of risk treatments are also continuously fostered across the Group.

The Group currently does not have a Risk Management Committee but the Management regularly reviews the Group's operating and business activities to identify areas of significant business risk as well as appropriate measures to control and mitigate these risks. The Management reviews all the significant control policies and procedures and highlights all significant findings and matters to the Board and the AC for further discussion. The Board is ultimately responsible for the Group's risk management and internal control systems.

On an annual basis, the internal audit function of the Group prepares the internal audit plan taking into consideration the risks identified which is approved by the AC.

The Board, with the assistance of independent internal auditors, has reviewed the adequacy and the effectiveness of the Group's risk management and the internal control systems put in place to address key financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls, together with recommendations for improvement are reported to the Board and AC. A copy of the report is also issued to the relevant departments for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

The Board with the concurrence of the AC, is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective to meet the needs of the Group in their current business environment as of the date of this report.

The bases for the Board's view are as follows:

- Assurance had been received from the CEO and CFO/other key management personnel;

- Based on the internal controls established and maintained by the Group, work performed by the internal auditors, and reviews performed by the key management personnel and the Board. The Group has outsourced its internal audit function to BDO LLP which reported on the audit findings and recommendations directly to the AC; and

- Discussion was held between the AC and external auditor in the absence of the Management to review and address any potential concerns.

The Company is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when opportunities arise.

CORPORATE GOVERNANCE REPORT

The Board has obtained assurance from the CEO and CFO/other key management personnel in respect of FY2023 that:

(i) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(ii) the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls, are adequate and effective as at the date of this report.

In addition, BDO LLP, the Group's outsourced internal auditor ("**IA**"), has briefed the Board on the internal controls matters and highlighted the issues identified and the Management's responses. Also, BDO LLP had joined the AC meeting without the presence of Management, to brief the AC on the internal controls matters and highlighted the issues identified and management responses.

The Company has developed an Enterprise Risk Management ("**ERM**") Framework to facilitate the Board in identifying and assessing key operational, financial, compliance and information technology risks with reference to the business goals, strategies and critical success factors of the Group. Under the ERM Framework, Management and executives of all levels are expected to constantly review the business operations and the operating environment to identify risk areas and ensure mitigating measures are promptly developed to minimise these risks. The ERM Framework outlines the Group's approach to managing enterprise-wide risks and sets out a systematic process for identifying, evaluating, monitoring, managing and reporting risks faced by the Group. Thus, it allows the Group to address the changes and the challenges in the business environment, reduce uncertainties and facilitates the shareholder value creation process on an ongoing basis.

Audit Committee

Principle 10: The Board has an Audit Committee which discharges its duties objectively.

The AC consists of three (3) Independent Directors. All members of the AC, including the AC Chairman, are independent and non-executive directors. The AC meets at least twice a year. The AC comprises the following members:-

Chan Hock Leong	(Chairman)
Ng Lip Chi, Lawrence	(Member)
Latiff Bin Ibrahim	(Member)

The AC is guided by the following key terms of reference:-

- Review, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls, their management letter and the Management's response and results of our audits compiled by our internal and external auditors;

- Review the half-yearly and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and other statutory/regulatory requirements;

- To discuss problems and concerns, if any, arising from the interim and final audits, in consultation with the external auditors and the internal auditors where necessary;

- To meet with the external auditors and with the internal auditors, in each case without the presence of Management, at least annually, to discuss any problems and concerns they may have;

- To review annually the scope and results of the external audit and the independence and objectivity of the external auditors. Where the external auditors also supply a substantial volume of non-audit services to the Company, the AC should keep the nature and extent of such services under review, seeking to maintain objectivity;

- To review the assistance and co-operation rendered by Management to the internal and external auditors;

- To review and report to the Board, at least annually, the adequacy and effectiveness of the Company's internal controls including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties);

- To review and discuss with the external auditors, any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;

- To review policy and arrangements by which staff of the Company or of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or any other matters relating to fraud and illegal acts and, to conduct an independent investigation of such matters for appropriate follow up action to be taken. The existence of a whistle blowing policy should be disclosed in the Company's Annual Report, and procedures for raising such concerns should be publicly disclosed as appropriate;

- To investigate any matter within its terms of reference, with full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and obtain reasonable resources to enable it to discharge its functions properly;

- To report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

- To review interested person transactions falling within the scope of the Catalist Rules;

- To undertake such other reviews and projects as may be requested by the Board;

- To undertake such other functions and duties as may be required by statutes or the Catalist Rules, and by such amendments made thereto from time to time;

- To recommend to the Board on the proposals to the shareholders on the appointment/re-appointment and removal of the external auditors and approving the remuneration and terms of engagement of the external auditors;

- To approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or accounting / auditing firm or corporation if the internal audit function is outsourced. The internal auditor should have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC;

- To receive at least on a half-yearly basis, management accounts of the Group from the Management detailing such information as breakdown of major expenses, revenue earned, aging of receivables, loss allowances, order book, major contracts entered into, all litigations and other matters;

- To review annually the adequacy and effectiveness of the Company's internal audit function; and

- To assess annually the qualifications, expertise and resources of the auditor and the effectiveness of the audit process and monitor the auditor's compliance with relevant ethical and professional guidance on the rotation of the audit partner.

The Board considers that Mr Chan Hock Leong, who has extensive and practical accounting and auditing knowledge and experience, to be well-qualified to be the AC Chairman. The members of the AC, collectively, have relevant expertise or experience in accounting and related financial management and are appropriately qualified to discharge the AC's responsibilities.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to, and the cooperation of the Management and full discretion to invite any Executive Director or key management personnel to attend its meetings. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

The AC met twice with the external auditors and once with the internal auditors respectively, without the presence of the Management in FY2022, to ascertain if there are any material weaknesses or control deficiencies in the Group's financial and operational systems.

The Company has outsourced its internal audit functions to BDO LLP. The IA has unrestricted direct access to all of the Group's documents, records, properties and personnel and reports to the designated members of the AC on the findings and Management's responses on the findings. The AC approves the appointment, removal, evaluation and compensation of the IA. The IA plans its internal audit work and schedules in consultation with, but independent of, the Management. The internal audit plan will be submitted to the AC for approval prior to the commencement of the internal audit work.

The objective of the internal audit function is to provide an independent review of the adequacy and effectiveness of the Group's internal controls and provide reasonable assurance to the AC and the Management that the Group's risk management, controls and governance processes are adequate and effective.

BDO LLP is an international auditing firm. The internal audit function follows a global internal audit methodology, which references the Internal Standards for the Professional Practice of Internal Auditing, as set by the Institute of Internal Auditors. The engagement team is headed by a Partner who has more than 25 years of experience in audit and advisory services. He holds a Bachelor of Accountancy Degree (Honours) from the Nanyang Technological University, Singapore, and is a Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA) and Certified Internal Auditor of the Institute of Internal Auditors (IIA).

The AC is satisfied that IA is adequately qualified (given, *inter alia*, its adherence to standards set by nationally or internationally recognised professional bodies) and resourced, to discharge its duties effectively. The AC will also review the adequacy and effectiveness of the internal audit function on an annual basis.

Deloitte & Touche LLP is the Company's current external auditors. The AC will review the independence of the external auditors annually. The AC has also reviewed the audit fees paid to the external auditors for FY2023. During the year under review, the fees paid to the external auditors of the Company for audit services amounted to S$142,000. There were no non-audit services provided by the external auditors of the Company.

The AC is satisfied with the independence and objectivity of the external auditors and has recommended to the Board the nomination of Messrs Deloitte & Touche LLP, for re-appointment as external auditors of the Company at the forthcoming AGM. The external auditors, Deloitte & Touche LLP, have indicated their willingness to accept the re-appointment.

Both the AC and the Board have reviewed the appointment of different auditors for its foreign-incorporated subsidiaries and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company.

The Company confirms that it is in compliance with the Rules 712 and 715 of the Catalist Rules in relation to its appointment of the audit firm of the Group. None of the members of the AC is a former partner or director of the Company's existing auditing firm.

Whistle Blowing

The Board advocates the highest level of conduct and ethical standards of governance for the Group. The Group has a whistle-blowing policy in place which encourages the reporting of matters of fraud, corruption or dishonest and unethical practices. The whistle blowing policy is communicated to all staff and covered during staff training

The Company's employee handbook provides a set of guiding principles in terms of having the appropriate conduct for common ethical issues, such as conflicts of interest, bribery and corruption, confidential information and insider trading, among others. We also educate all our employees on the Company's Whistle-blowing Policy is to facilitate the reporting of suspected and actual cases of improper, unethical or fraudulent conduct.

The Whistle-Blowing Policy, reviewed and endorsed by the AC, where employees of the Group can raise concerns about improprieties. The Whistle-Blowing Policy serves to encourage and provide a channel for employees to report in good faith and in confidence, without fear of reprisals, concerns about possible improprieties in financial reporting or other matters to the AC Chairman or CFO. All information received will be treated confidentially and the identity of whistle-blowers will be protected. The objective of such arrangement is to ensure independent investigation of such matters raised and for appropriate follow-up action to be taken. Details of the whistle-blowing policies and arrangements have been made available to all employees and provide assurance that employees will be protected from reprisal within the limits of the law.

The AC is kept abreast by the Management and the external auditors of any changes to accounting standards, Catalist Rules, and other regulations which could have an impact on the Group's business and financial statements.

FINANCIAL REPORTING AND KEY AUDIT MATTER

During the year, the AC had full access to and cooperation from the Management, internal auditors and external auditors.

The AC reviewed the financial statements of the Group and the Company before submitting them to the Board for its approval and the announcement of the financial results. The AC also reviewed and monitored the Group's and the Company's financial condition, internal and external audits, and the effectiveness of the Group's and the Company's system of accounting and internal controls. The following key audit matter was discussed between the external auditors and Management, and reviewed by the AC.

Key audit matter	How the matter was addressed by the AC
Revenue recognition of engineering, procurement and construction ("EPC") contracts The Group is involved in EPC contracts with customers for which it applies cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs ("input method") to measure the Group's progress towards complete satisfaction of a performance obligation and recognise revenue over time in accordance with SFRS(I) 15 *Revenue from Contracts with Customers*. Significant judgement is required from Management and project teams to estimate the total cost on completion. The uncertainty and subjectivity involved in determining the total cost on completion may result in a significant impact to the revenue recognised during the year. The key source of estimate is disclosed in Note 3 of the Financial Statements. The accounting policy for revenue recognition of EPC contracts is disclosed in Note 2 of the Financial Statements and the amount of revenue recognised based on input method is disclosed in Note 20 of the Financial Statements	The AC has considered the approach and methodology applied by the Management for revenue recognition of EPC contracts. The AC has also discussed the above with the external auditors and understands that the estimates used by the Management are reasonable for the purpose of revenue recognition using the input method. The auditors have included revenue recognition as a key audit matter in the independent auditor's report for FY2023. This is set out on page 69 of this Annual Report.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

MANAGEMENT STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected. The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Company's business which could have a material impact on the Company's share price.

Notice of general meetings are issued to shareholders, together with explanatory notes or a circular on items of special business (if necessary), at least 14 days or 21 days, as the case may be, before the scheduled date of such meeting. Whilst there is no limit imposed on the number of proxy votes for nominee companies/relevant intermediaries, the Company's Constitution allows each shareholder to appoint up to two (2) proxies to attend general meetings.

The Company ensures that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. The Company conducts poll voting for all resolutions tabled at general meetings. Shareholders will be briefed on the rules, including voting procedures that govern such meetings.

The Chairman and members of the AC, NC and RC will be present at general meetings to address any questions the shareholders may have concerning the Group.

The Company's external auditor will also present to address queries relating to the conduct of the audit and the preparation and content of the auditor's report.

The Company is committed to corporate governance and transparency by disclosing to its stakeholders, including its shareholders, in a timely, fair and transparent manner.

The Company does not practice selective disclosure and price-sensitive information is publicly released on an immediate basis where required under the Catalist Rules before the Company meets with any investors/analysts. In addition, all shareholders will receive the Company's annual reports together with the notices of AGM, which are also accessible through SGXNet.

All material information on the performance and development of the Group is disclosed in an accurate, timely and comprehensive manner through SGXNET.

When necessary and appropriate, the CEO will meet analysts and fund managers who would like to seek a better understanding of the Group's operations. The CEO also engages with local and foreign investors to solicit feedback from the investment community on a range of strategic and topical issues which should provide valuable insights to the Board on investors' views.

The Company has engaged an investor relations firm, namely Cogent Media Pte Ltd, to assist the Company in its investor relations activities.

The Company keeps its website (www.sanli.com.sg) updated and maintains a dedicated investor relations section for shareholders' convenience to access information on the Group. Announcements disclosed through SGXNet are also posted on the Company's website.

When opportunities arise, the CEO conducts media interviews to give its shareholders, investor and public a profound prospective of the Group's business prospects.

The Company does not have a fixed dividend policy. The form, frequency and amount of dividend will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Board may deem appropriate.

Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to shareholders via announcements released on the SGXNet when the Company discloses its financial results announcement.

The Board has declared and recommended a one and final dividend of S$0.00768 per share for FY2023, after considering the cashflow and future working capital requirement.

The Company's general meetings are the principal forums for dialogue with shareholders. Shareholders are encouraged to attend the general meetings to ensure a high level of accountability and to stay apprised of the Company's strategy and goals. At general meetings, shareholders are given the opportunity to communicate their views and direct questions to the Directors or the Management relating to the resolutions to be passed as well as questions regarding the Company and its operations.

Notice of the general meetings will be published on the Company website as well as SGXNet. If shareholders are unable to attend the general meetings, the Company's Constitution allows all shareholders to appoint up to two (2) proxies to the general meetings and to vote on their behalf through proxy form sent in advance. Voting in absentia and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of shareholders through the web is not compromised. This is also subject to legislative amendment to recognise electronic voting.

All Directors (including the respective chairman of the Board Committees) will be present at all general meetings of shareholders, unless of exigencies. The external auditor is also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the independent auditor's report.

Every matter requiring shareholders' approval is proposed as a separate resolution. In compliance with Rule 730A(2) of the Catalist Rules, all resolutions tabled at general meetings of shareholders will be put to vote by poll, the procedures of which will be explained by the appointed scrutineer(s) at the general meetings of shareholders. Detailed results of all resolutions put to vote will be announced on the SGXNet after the conclusion of the general meeting.

The Company also maintains minutes of the general meetings, which include the key comments and queries raised by shareholders and the responses from the Board and the Management. Moving forward, the Company will publish its minutes of general meetings of shareholders on its corporate website or SGXNet.

CORPORATE GOVERNANCE REPORT

MATERIAL CONTRACTS

(Rule 1204(8) of the Catalist Rules)

Save for the Service Agreements entered into with the Executive Directors, which are subsisting as at the end of FY2023, there were no material contracts involving the interests of the CEO, each Director or controlling shareholders entered into by the Group which are subsisting as at the end of the financial year or entered into during the financial year.

INTERESTED PERSON TRANSACTION ("IPT")

(Rule 907 of the Catalist Rules)

The Group has established procedures governing all IPTs to ensure that they are properly documented and reported in a timely manner to the AC and that the transactions are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

If the Company does enter into an IPT, and a potential conflict of interest arises, the director concerned will abstain from any discussions and will also refrain from exercising any influence over other members of the Board.

The Group does not have a shareholders' mandate for IPTs pursuant to Rule 920(1)(a)(i) of the Catalist Rules. There were no IPT for the year under review.

DEALING IN SECURITIES

(Rule 1204(19) of the Catalist Rules)

The Company has complied with the best practices pursuant to Rule 1204(19) of the Catalist Rules in relation to dealings in the Company's securities by its Directors and employees. The Company has adopted an internal policy which prohibits the Directors and officers from dealing in the securities of the Company while in possession of price-sensitive information.

The Company, its Directors and officers are also discouraged from dealing in the Company's securities on short term considerations and are prohibited from dealing in the Company's securities during the period beginning one (1) month before the announcement of the Company's half-year and full-year financial statements respectively, and ending on the date of the announcement of the relevant results.

NON-SPONSOR FEES

(Rule 1204(21) of the Catalist Rules)

SAC Capital Private Limited is the Continuing Sponsor of the Company. There was no non-sponsor fee paid to the Sponsor during FY2023.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended March 31, 2023.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 72 to 115 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at March 31, 2023, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended, and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Kew Boon Kee
Sim Hock Heng
Lee Tien Chiat
Ng Lip Chi, Lawrence
Chan Hock Leong
Latiff Bin Ibrahim

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 except as follows:

	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
Name of directors and company in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
The Company (Ordinary shares)				
Sim Hock Heng	13,282,675	21,882,675	110,288,509	110,288,509
Kew Boon Kee	13,282,675	21,882,675	110,288,509	110,288,509
Lee Tien Chiat	13,282,675	13,282,675	110,288,509	110,288,509
Chan Hock Leong	100,000	100,000	–	–

The directors' interests in the share of the company as at April 21, 2023 were the same at March 31, 2023.

By virtue of Section 7 of the Singapore Companies Act 1967, the directors above are deemed to have an interest in all the related corporations of the Company.

4 SHARE OPTIONS

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) *Options exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

5 AUDIT COMMITTEE

The Audit Committee of the Company, consisting of all independent and non-executive directors, is chaired by Mr Chan Hock Leong, and includes Mr Ng Lip Chi, Lawrence and Mr Latiff Bin Ibrahim. The Audit Committee has met twice since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) The audit plans and results of the internal auditors' examination and evaluation of the Group's systems of internal accounting controls;

(b) The Group's financial and operating results and accounting policies;

(c) The audit plans of the external auditors;

(d) The consolidated financial statements of the Group and the financial statements of the Company before their submission to the directors of the Company and external auditor's report on those financial statements;

(e) The half-yearly and annual announcements as well as the related press releases on the results and financial position of the Company and the Group;

(f) The co-operation and assistance given by the management to the Group's external auditors; and

(g) The re-appointment of the external and internal auditors of the Group.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

DIRECTORS' STATEMENT

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....
Kew Boon Kee

....
Sim Hock Heng

June 30, 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of Sanli Environmental Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Sanli Environmental Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at March 31, 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 72 ot 115.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at March 31, 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current year. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key audit matter	How the matter was addressed in the audit
Revenue recognition of engineering, procurement and construction ("EPC") contracts The Group is involved in EPC contracts with customers for which it applies cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs ("input method") to measure the Group's progress towards complete satisfaction of a performance obligation and recognise revenue over time in accordance with SFRS(I) 15 *Revenue from Contracts with Customers.* Significant judgement is required from management and project teams to estimate the total cost on completion. The uncertainty and subjectivity involved in determining the total cost on completion may result in a significant impact to the revenue recognised during the year. The key source of estimate is disclosed in Note 3. The accounting policy for revenue recognition of EPC contracts is disclosed in Note 2 and the amount of revenue recognised based on input method is disclosed in Note 20.	The following procedures were performed: • Obtained an understanding and evaluated the design and implementation of relevant controls to address significant risks associated with revenue recognition, cost recognition and total cost estimation; • Performed substantive tests of details on a sampling basis for the costs incurred during the reporting period and checked that costs incurred were recorded in the correct accounting period; • Obtained the estimated total costs on completion and assessed the reasonableness of the estimates used by management, including on a sampling basis, agreed the estimates to the supporting documents and performed retrospective review; • Discussed with management on any potential project delays or cost overruns which cannot be recovered from customers; • Agreed the contract sum or any variation orders to the signed agreements; and • Re-computed the percentage of progress of the contracts based on input method to test the accuracy of the percentage of progress used to recognise revenue.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Aw Xin-Pei.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

June 30, 2023

STATEMENTS OF FINANCIAL POSITION

March 31, 2023

	Note	Group 2023 $'000	Group 2022 $'000	Company 2023 $'000	Company 2022 $'000
ASSETS					
Current assets					
Cash and cash equivalents	7	19,802	11,527	81	68
Trade and other receivables	8	19,021	7,905	128	129
Contract assets	9	46,499	24,477	–	–
Total current assets		85,322	43,909	209	197
Non-current assets					
Property, plant and equipment	10	8,270	8,424	–	–
Right-of-use assets	11	1,310	1,190	–	–
Investment in subsidiaries	12	-	-	21,755	21,755
Deferred tax assets	16	56	68	-	-
Total non-current assets		9,636	9,682	21,755	21,755
Total assets		94,958	53,591	21,964	21,952
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	13	11,414	789	–	–
Trade and other payables	14	41,882	12,917	229	201
Contract liabilities	9	5,647	6,833	–	–
Lease liabilities	15	288	173	–	–
Income tax payable		691	155	–	–
Total current liabilities		59,922	20,867	229	201
Non-current liabilities					
Borrowings	13	2,802	3,613	–	–
Lease liabilities	15	1,057	1,027	–	–
Deferred tax liabilities	16	50	49	–	–
Total non-current liabilities		3,909	4,689	–	–
Capital, reserves and non-controlling interests					
Share capital	17	21,297	21,297	21,297	21,297
Treasury shares	18	(165)	(165)	(165)	(165)
Translation reserves		(202)	(141)	–	–
Merger reserve	19	(6,755)	(6,755)	–	–
Capital reserve	19	521	521	–	–
Retained earnings		16,412	13,062	603	619
Equity attributable to owners of the Company		31,108	27,819	21,735	21,751
Non-controlling interests		19	216	–	–
Total equity		31,127	28,035	21,735	21,751
Total liabilities and equity		94,958	53,591	21,964	21,952

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended March 31, 2023

	Note	Group 2023 $'000	Group 2022 $'000
Revenue	20	106,428	64,666
Cost of contract works		(92,187)	(56,901)
Gross profit		14,241	7,765
Other income	21	790	2,159
Administrative expenses		(7,807)	(6,153)
Other operating expenses		(1,786)	(1,671)
Finance costs	22	(427)	(103)
Profit before tax		5,011	1,997
Income tax	23	(835)	(243)
Profit for the year	24	4,176	1,754
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(85)	(150)
Total comprehensive income for the year		4,091	1,604
Profit for the year attributable to:			
Owners of the Company		4,349	1,774
Non-controlling interests		(173)	(20)
		4,176	1,754
Total comprehensive income for the year attributable to:			
Owners of the Company		4,288	1,683
Non-controlling interests		(197)	(79)
		4,091	1,604
Earnings per share:			
Basic and diluted (cents)	25	1.62	0.66

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year ended March 31, 2023

Group	Share capital $'000	Treasury shares $'000	Translation reserves $'000	Merger reserve $'000	Capital reserve $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total $'000
Balance as at April 1, 2021	21,297	–	(50)	(6,755)	521	11,475	26,488	295	26,783
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	1,774	1,774	(20)	1,754
Other comprehensive loss for the year	–	–	(91)	–	–	–	(91)	(59)	(150)
Total	–	–	(91)	–	–	1,774	1,683	(79)	1,604
Transactions with owners, recognised directly in equity									
Re-purchase of shares (Note 18)	–	(165)	–	–	–	–	(165)	–	(165)
Dividends (Note 26)	–	–	–	–	–	(187)	(187)	–	(187)
Balance as at March 31, 2022	21,297	(165)	(141)	(6,755)	521	13,062	27,819	216	28,035
Total comprehensive income for the year									
Profit 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 (Note 26)	–	–	–	–	–	(999)	(999)	–	(999)
Balance as at March 31, 2023	21,297	(165)	(202)	(6,755)	521	16,412	31,108	19	31,127

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Year ended March 31, 2023

Company	Share capital $'000	Treasury shares $'000	Retained earnings $'000	Total $'000
Balance as at April 1, 2021	21,297	–	794	22,091
Profit for the year representing total comprehensive income for the year	–	–	12	12
Transactions with owners, recognised directly in equity				
Re-purchase of shares (Note 18)	–	(165)	–	(165)
Dividends (Note 26)	–	–	(187)	(187)
Balance as at March 31, 2022	21,297	(165)	619	21,751
Profit for the year representing total comprehensive income for the year	–	–	983	983
Transactions with owners, recognised directly in equity				
Dividends (Note 26)	–	–	(999)	(999)
Balance as at March 31, 2023	21,297	(165)	603	21,735

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31, 2023

	Group	
	2023	2022
	$'000	$'000
Operating activities		
Profit before tax	5,011	1,997
Adjustments for:		
Depreciation of property, plant and equipment	1,340	1,126
Depreciation of right-of-use assets	357	423
Gain on disposal of property, plant and equipment	–	(5)
Finance costs	427	103
Interest income	(74)	(39)
Exchange differences	(56)	(144)
Operating cash flows before movements in working capital	7,005	3,461
Trade and other receivables	(11,116)	1,477
Trade and other payables	28,965	(2,440)
Contract assets	(22,022)	(11,962)
Contract liabilities	(1,186)	1,040
Cash from (used in) operations	1,646	(8,424)
Income tax paid	(300)	(292)
Net cash from (used in) operating activities	1,346	(8,716)
Investing activities		
Purchases of property, plant and equipment	(1,198)	(680)
Proceeds from disposal of property, plant and equipment	–	22
Interest received	74	39
Net cash used in investing activities	(1,124)	(619)
Financing activities		
Dividends paid	(999)	(187)
Proceeds from borrowings	17,853	3,000
Repayment of borrowings	(8,039)	(365)
Repayment of lease liabilities	(335)	(388)
Purchase of treasury shares	–	(165)
Interest paid	(427)	(103)
Net cash from financing activities	8,053	1,792
Net increase (decrease) in cash and cash equivalents	8,275	(7,543)
Cash and cash equivalents at beginning of financial year	11,527	19,070
Cash and cash equivalents at end of financial year	19,802	11,527

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

1 GENERAL

The Company (Registration No. 201705316M) is incorporated in Singapore with its principal place of business and registered office at 28 Kian Teck Drive, Singapore 628845. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on June 8, 2017. The financial statements are expressed in Singapore dollars which is also the functional currency of the Company.

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.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended March 31, 2023 were authorised for issue by the Board of Directors on June 30, 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) *2 Share-based Payment,* leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets.*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

ADOPTION OF NEW AND REVISED STANDARDS - On April 1, 2022, 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 disclosures or on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following SFRS(I)s pronouncements that are relevant to the Group and the Company were issued but not effective.

Effective for annual periods beginning on or after April 1, 2023

- Amendments to SFRS(I) 1-1 *and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8: *Definition of Accounting Estimates*
- Amendments to SFRS(I) 1-12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective for annual periods beginning on or after April 1, 2024

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

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.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- Potential voting rights held by the Company, other vote holders or other parties;

- Rights arising from other contractual arrangements; and

- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All significant intercompany transactions and balances between the entities in the Group are eliminated on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9 *Financial Instruments.*

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of assets within the timeframe established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and

- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised in profit or loss using effective interest method and is included in the "other income" line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Net exchange differences are recognised in profit or loss in the "other operating expenses" line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost, contract assets, as well as on loan commitments and financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

For a financial guarantee contract, as the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement and recognition of expected credit losses (cont'd)

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables and amounts due from customers are each assessed as a separate group);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognised at the proceeds received, net of direct issue costs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Treasury shares

When the Company purchases its own equity share capital, the consideration paid, including any directly attributable costs, is recognised as Treasury shares' within equity. When the treasury shares are subsequently disposed, the realised gains or losses on disposal of the treasury shares are recognised in equity.

Financial liabilities

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method, except for short-term balances when the recognition of interest would be immaterial.

Interest-bearing borrowings are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost, the fair value of financial liabilities that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Net exchange differences are recognised in profit or loss in the "other operating expenses" line item.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

CONTRACT ASSETS AND LIABILITIES - A contract asset is recognised when the Group has performed services under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed services under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs services under the contract.

LEASES (AS LESSEE) - The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;

- the amount expected to be payable by the lessee under residual value guarantees;

- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Depreciation is charged over the lease terms, using the straight-line method, on the following bases:

Motor vehicles	10 years
Leasehold properties	2 to 23 years
Dormitories	2 years

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'administrative expenses' in the statement of comprehensive income.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has used this practical expedient.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost less residual values, over their estimated useful lives, using the straight-line method, on the following bases:

Motor vehicles	2 to 10 years
Office equipment	3 to 10 years
Leasehold properties	Over the lease term of 25 to 27 years
Renovation	5 to 10 years
Furniture and fittings	5 years
Workshop equipment	5 to 10 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

IMPAIRMENT OF NON-FINANCIAL ASSETS - At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

INTERESTS IN A JOINT OPERATION - A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under a joint operation, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the SFRS(I)s applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

REVENUE RECOGNITION - Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Engineering, procurement and construction contracts

The Group constructs facilities that are stated in the contract and it is common to have a warranty period included in the contract. The Group's performance creates an asset with no alternative use to the Group, as each construction project is customised to the customer's needs and is physically built at the customer's premises or at a location that the customer controls, hence the asset cannot be resold to another customer. The Group has an enforceable right to payment for work done. Contract revenue is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under SFRS(I) 15.

The Group becomes entitled to invoice customers for construction of facilities based on achieving a series of performance-related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost–to–cost method then the Group recognises a contract liability for the difference. Financing component in construction contracts with customers is not considered to be significant as the period between the recognition of revenue under the cost–to–cost method and payment from customer is always less than one year.

Operations and maintenance services

The Group provides maintenance services to customers throughout the contract or defect liability period. Revenue relating to the maintenance services is recognised over time when the customer simultaneously receives and consumes the benefits as the Group performs the services (i.e. the monthly maintenance services performed).

INTEREST INCOME - Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

SHARE-BASED PAYMENTS - Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the moratorium period of two years. At the end of each reporting period, the shareholder revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled employee benefits reserve.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Current and deferred tax are recognised as an expense or income in profit or loss.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS - Cash and cash equivalents in the statement of cash flows comprise fixed deposits, cash on hand and cash at bank that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Critical judgements in applying the Group's accounting policies

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements apart from those involving estimation which are dealt with below.

(i) Control over Link Control Co. Ltd. ("LCCL")

LCCL has been described as a subsidiary of the Group in Note 12 even though the Group has only 21% ownership interest and voting rights in LCCL. The remaining 79% of the ownership interests are held by 2 different shareholders.

Judgement is required in assessing whether the Group has control over LCCL. In making this judgement, management considered the size of the Group's holding of voting rights relative to the size and dispersion of holdings of other vote holders. Management concluded that the Group has achieved control as it has power over LCCL given that the voting rights held by the Group are sufficient to give it the practical ability to direct the relevant activities of LCCL unilaterally.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Revenue recognition of engineering, procurement and construction ("EPC") contracts

The Group recognises contract revenue by reference to the progress towards complete satisfaction of a performance obligation at the end of the reporting period. Progress towards complete satisfaction of a performance obligation is measured based on input method.

Significant judgement is required to estimate the total cost on completion. The uncertainty and subjectivity involved in determining the total cost on completion may result in a significant impact to the revenue recognised during the year.

Management has reviewed the estimates, which are based on committed purchases and historical experience. Management is satisfied that the estimates are realistic, and that total project costs do not exceed total project revenue for each individual contract that is ongoing as at the end of the reporting period.

The amount of contract revenue recognised based on input method is disclosed in Note 20. The carrying amounts of contract assets and contract liabilities arising from EPC contracts are disclosed in Note 9.

(ii) Loss allowance of receivables and contract assets

The Group assesses at each reporting date the allowance required for its receivables and contract assets. The Group considers factors such as the probability of significant difficulties of the receivables and contract assets, historical defaults or significant delay in payments and economic conditions. Significant judgment is made by management in determining the amount and timing of future cash flows, estimated based on historical loss experience for assets with similar credit risk characteristics, and any relevant forward-looking adjustments, including taking into consideration the credit-worthiness, past collection history, settlement arrangements, subsequent receipts and on-going dealings with the balance.

The carrying amounts of trade and other receivables and contract assets are disclosed in Notes 8 and 9.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Financial assets				
- amortised cost	35,155	18,322	184	175
Financial liabilities				
- amortised cost	56,098	17,319	229	201
- lease liabilities	1,345	1,200	–	–

(b) Financial risk management policies and objectives

(i) Foreign exchange risk management

The Group's foreign currency exposures arise mainly from the exchange rate movements of the United States dollar and Euro against the Singapore dollar.

At each reporting date, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the group entities' functional currencies are as follows:

	Group			
	Assets		Liabilities	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
United States dollar	75	469	6,620	1,891
Malaysia Ringgit	575	–	341	–
Euro	–	–	1,420	301

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(i) Foreign exchange risk management (cont'd)

Foreign currency sensitivity

The sensitivity rate used when reporting foreign exchange risk exposures internally to key management personnel is 10%, which represents management's assessment of the possible change in foreign exchange rates.

If the relevant foreign currencies strengthen by 10% against the group entity's functional currencies, the Group's profit before tax will increase (decrease) by:

	Group	
	2023	**2022**
	$'000	**$'000**
United States dollar	(655)	(142)
Malaysia Ringgit	23	–
Myanmar Kyat	17	–
Euro	(142)	(30)

If the relevant foreign currencies weaken by 10% against the group entity's functional currencies, the impact on the Group's profit before tax would be vice versa.

The Company is not exposed to foreign exchange risk as it does not have monetary assets and monetary liabilities denominated in foreign currencies.

(ii) Interest rate risk management

The Group is exposed to interest rate risk mainly through certain variable interest rate borrowings (Note 13).

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the reporting period and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the impact on the Group's profit before tax would decrease/increase by $53,000 (2022 : $8,000).

The Company is not exposed to interest rate risk as it does not have interest-bearing assets and liabilities.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(iii) Equity price risk management

The Group and the Company are not exposed to any significant equity price risk as management has assessed the impact to be immaterial.

(iv) Credit risk management

The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group only grants credit to creditworthy counterparties, based on the credit evaluation process performed by management. Bank balances are held with creditworthy financial institutions.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its trading records to rate its major customers and other debtors. The Group does not hold any collateral to cover its credit risks associated with its financial assets and contract assets.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition unless the Group has reasonable and supportable information that amount is subjected to low credit risk.	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired unless the Group has reasonable and supportable information that amount is subjected to low credit risk.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

Further details of the credit quality and maximum exposure to credit risk of the Group's financial assets and contract assets are disclosed in Notes 8 and 9.

The Group has a concentration of credit risk as 72% (2022: 46%) of trade receivables are due from its largest debtor. The Group considers this debtor to be of good credit quality.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the year in relation to each class of recognised financial assets and contract assets are the carrying amount of those assets as stated in the statement of financial position.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management

The Group and the Company monitor its liquidity risk and maintains a level of bank balances deemed adequate by management to finance its operations and to mitigate the effects of fluctuations in cash flows. Liquidity risk is further managed by matching the payment and receipt cycle.

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the consolidated statement of financial position.

Group	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
2023						
Non-interest bearing	–	41,882	–	–	–	41,882
Variable interest rate instruments	1.7	9,638	912	399	(377)	10,572
Fixed interest rate instruments	1.8	2,015	1,812	–	(183)	3,644
Lease liabilities (fixed rate)	3.2	323	361	996	(335)	1,345
Total		53,858	3,085	1,395	(895)	57,443
2022						
Non-interest bearing	–	12,917	–	–	–	12,917
Variable interest rate instruments	1.8	228	912	627	(228)	1,539
Fixed interest rate instruments	3.8	659	2,471	–	(267)	2,863
Lease liabilities (fixed rate)	3.3	210	291	1,067	(368)	1,200
Total		14,014	3,674	1,694	(863)	18,519

All financial liabilities of the Company are due on demand or within one year from the end of the reporting periods and are non-interest bearing.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

(b) Financial risk management policies and objectives (cont'd)

(v) Liquidity risk management (cont'd)

Non-derivative financial assets

All financial assets of the Group and the Company are due on demand or within one year from the end of the reporting periods and are non-interest bearing, except for fixed deposits disclosed in Note 7.

(vi) Fair values of financial assets and financial 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 leases liabilities approximate their respective fair values as the interest rates approximate the prevailing market rates.

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

(c) Capital management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt and equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings. The Group is required to maintain specific financial ratio in order to comply with covenants in loan agreements with banks. The Group is in compliance with external imposed capital requirements.

The Group's overall strategy remains unchanged from the preceding year.

5 HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Typha Holdings Pte. Ltd., incorporated in Singapore, which is also the Company's ultimate holding company.

Related companies in these financial statements refer to the subsidiaries of the Company. Transactions and arrangements between members of the Group and the effect of these on the basis determined between the parties is reflected in these financial statements. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Transactions between members of the Group have been eliminated on consolidation and are therefore not disclosed in this note.

6 OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2023	2022
	$'000	$'000
Short-term benefits	2,499	1,776
Post-employment benefits	77	90
	2,576	1,866

7 CASH AND CASH EQUIVALENTS

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Fixed deposits	3,864	3,805	–	–
Cash on hand and at bank	15,938	7,722	81	68
	19,802	11,527	81	68

As at March 31, 2023, the Group's fixed deposits bear an average effective interest rate of 1.78% (2022: 0.49%) per annum with tenure of approximately 12 months (2022: 12 months). The fixed deposits can be readily convertible into cash.

8 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Trade receivables	11,090	4,701	2	2
Accrued revenue	2,922	1,270	–	–
Amount due from a subsidiary	–	–	101	105
Deposits	1,213	705	–	–
Prepayments	3,668	1,110	25	22
Other receivables	128	119	–	–
	19,021	7,905	128	129

As at April 1, 2021, trade receivables and accrued revenue from contracts with customers amounted to $5,621,000 and $1,760,000 respectively.

8 TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables and accrued revenue

The credit period ranges from 21 to 60 days days (2022: 21 to 60 days) and non-interest bearing. Loss allowance for trade receivables and accrued revenue have always been measured at an amount equal to lifetime ECL. The ECL on trade receivables and accrued revenue are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. There are no loss allowances for the respective financial years ended.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for trade receivables and accrued revenue.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. There are no trade receivables that have been written off in the respective financial years ended.

The Group's trade receivables past due amounted to $1,150,000 (2022: $97,000). The Group has not recognised loss allowance against these receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Other receivables

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment as the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to the 12-month ECL.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. Management determines the other receivables are subject to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

8 TRADE AND OTHER RECEIVABLES (CONT'D)

Amount due from a subsidiary

For purpose of impairment assessment, the receivables are considered to have low credit risk as the timing of payment is controlled by the Company taking into account cash flow management within the subsidiary and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to the 12-month ECL.

In determining the ECL, management has taken into account the financial position of the subsidiary, adjusted for factors that are specific to the subsidiary and general economic conditions of the industry in which the subsidiary operates, in estimating the probability of default of the receivables as well as the loss upon default. Management determines the receivables from the subsidiary are subject to immaterial credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for amount due from the subsidiary.

9 CONTRACT ASSETS/CONTRACT LIABILITIES

	Group	
	2023	2022
	$'000	$'000
Engineering, procurement and construction contracts:		
Contract assets	46,499	24,477
Contract liabilities	5,647	6,833

Contract assets

Amounts relating to engineering, procurement and construction contracts are balances due from customers under contracts that arise when the Group receives payments from customers in line with a series of performance - related milestones. The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer.

As at April 1, 2021, the Group has contract assets amounting to $12,515,000. During the year, the significant increase (2022: increase) in the contract asset balances was due to commencement of new projects (2022: commencement of new projects) during the reporting period.

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the industry in which the customers operate. None of the amounts due from customers at the end of the reporting period is past due.

As there was no historical credit loss experience by the Group, no loss allowance has been made.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for contract assets.

9 CONTRACT ASSETS/CONTRACT LIABILITIES (CONT'D)

Contract liabilities

Amounts relating to engineering, procurement and construction contracts are balances due to customers under contracts that arise when a particular milestone payment exceeds the revenue recognised to date under the input method.

As at April 1, 2021, the Group has contract liabilities amounting to $5,793,000. During the year, the significant decrease (2022: increase) in the contract liability balances was due to lesser (2022: more) advance billing for projects compared to revenue recognised during the reporting period.

The following table shows how much of the revenue recognised in the current reporting period relates to brought-forward contract liabilities. There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year.

The Group's revenue recognised that was included in the contract liabilities balance at the beginning of the period:

	Group	
	2023	2022
	$'000	$'000
Engineering, procurement and construction contracts	6,833	5,793

NOTES TO FINANCIAL STATEMENTS

March 31, 2023

10 PROPERTY, PLANT AND EQUIPMENT

Group	Motor vehicles	Office equipment	Leasehold properties	Renovation	Furniture and fittings	Workshop equipment	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost:							
At April 1, 2021	1,788	991	8,299	1,236	688	309	13,311
Additions	97	402	–	175	6	–	680
Disposals	(122)	(51)	–	–	–	(14)	(187)
Exchange differences	(6)	(10)	–	(4)	–	–	(20)
At March 31, 2022	1,757	1,332	8,299	1,407	694	295	13,784
Additions	424	122	–	652	–	–	1,198
Exchange differences	(6)	(11)	–	(2)	–	(1)	(20)
At March 31, 2023	2,175	1,443	8,299	2,057	694	294	14,962
Accumulated depreciation:							
At April 1, 2021	735	548	1,700	842	401	182	4,408
Depreciation	194	227	324	183	147	51	1,126
Disposals	(114)	(42)	–	–	–	(14)	(170)
Exchange differences	(2)	(2)	–	–	–	–	(4)
At March 31, 2022	813	731	2,024	1,025	548	219	5,360
Depreciation	304	257	324	265	140	50	1,340
Exchange differences	(4)	(3)	–	–	–	(1)	(8)
At March 31, 2023	1,113	985	2,348	1,290	688	268	6,692
Carrying amount:							
At March 31, 2022	944	601	6,275	382	146	76	8,424
At March 31, 2023	1,062	458	5,951	767	6	26	8,270

The Group's borrowings (Note 13) are secured by mortgage of leasehold properties with carrying amounts of $2,656,000 (2022 : $2,813,000).

In June 2023, the Group signed a sales and purchase agreement to acquire a property located at 22 Chin Bee Drive Singapore 619870 for a purchase consideration of $13,800,000. The property will be set up as a dormitory for foreign employees.

11 RIGHT-OF-USE ASSETS

Group	Motor vehicles	Leasehold properties	Dormitories	Total
	$'000	$'000	$'000	$'000
Cost:				
At April 1, 2021	96	1,259	660	2,015
Additions	–	–	76	76
Disposal	–	–	(207)	(207)
Exchange differences	-	(17)	–	(17)
At March 31, 2022	96	1,242	529	1,867
Additions	–	–	492	492
Disposal	–	(59)	(529)	(588)
Exchange differences	–	(7)	–	(7)
At March 31, 2023	96	1,176	492	1,764
Accumulated depreciation:				
At April 1, 2021	56	130	249	435
Depreciation	10	71	342	423
Disposal	–	–	(176)	(176)
Exchange differences	–	(5)	–	(5)
At March 31, 2022	66	196	415	677
Depreciation	10	58	289	357
Disposal	–	(45)	(529)	(574)
Exchange differences	–	(6)	–	(6)
At March 31, 2023	76	203	175	454
Carrying amount:				
At March 31, 2022	30	1,046	114	1,190
At March 31, 2023	20	973	317	1,310

The Group leases motor vehicles, leasehold properties and dormitories. The lease terms range from 2 to 23 years (2022 : 2 to 23 years).

The Group has options to renew certain leasehold properties and dormitories at the end of the lease term.

The Group's lease liabilities (Note 15) are secured by lessors' title to the motor vehicles and leasehold properties.

12 INVESTMENT IN SUBSIDIARIES

	Company 2023 $'000	Company 2022 $'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 2023 %	Effective equity interest of the Group 2022 %
Sanli M&E Engineering Pte. Ltd. [(a)]	Engineering, procurement and construction solutions and services in the field of water and waste management.	Singapore	100	100
Sanli E&C Pte. Ltd. [(a)]	Engineering, procurement and construction solutions and services in the field of water and waste management.	Singapore	100	100
Enviro Plant & Engineering Pte. Ltd. [(a)]	General contractors and environmental engineering design and consultancy services.	Singapore	100	–
Mag Chemical Pte. Ltd. [(a)]	Manufacture of water treatment, waste treatment and oilfield chemicals.	Singapore	100	–
Sanli M&E Engineering Sdn. Bhd. [(b)]	Project management, contracting and M&E engineering services in the water treatment industry.	Malaysia	100	100
Sanli Environmental (Myanmar) Co. Ltd. [(c)]	Engineering, procurement and construction solutions and services in the field of water and waste management.	Myanmar	60	60
Link Control Co. Ltd. [(c)]	Business support and administrative activities.	Myanmar	21	21

Notes:

(a) Audited by Deloitte & Touche LLP, Singapore.
(b) Audited by William C.H. Tan & Associates, Malaysia.
(c) Audited by JF Group Accounting & Auditing Firm, Myanmar.

13 BORROWINGS

	Group	
	2023	2022
	$'000	$'000
Bank loans, secured	14,216	4,402
Less: Amount due for settlement within 12 months	(11,414)	(789)
Amount due for settlement after 12 months	2,802	3,613

The bank loans are secured by bank deposits, mortgages of leasehold properties (Note 10 and 11), corporate guarantees from the Company and securities assignment. These loans have maturity dates ranging from April 2023 to December 2028 (2022 : December 2026 to December 2028) and are based on variable and fixed interest rates (2022: variable and fixed interest rates) accordingly.

	Group	
	2023	2022
	$'000	$'000
Undrawn committed borrowing facilities	8,124	9,463
Undrawn uncommitted borrowing facilities	10,457	23,744
	18,581	33,207

The Group has undrawn committed borrowing facilities, which are secured by corporate guarantee from the Company. Uncommitted borrowing facilities are reaffirmed by the banks annually, although these can be withdrawn at any time.

13 BORROWINGS (CONT'D)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

Group	Borrowings (Note 13) $'000	Lease liabilities (Note 15) $'000	Total $'000
At April 1, 2021	1,767	1,565	3,332
Financing cash flows[i]	2,635	(388)	2,247
New lease liabilities (non-cash)	–	76	76
Early terminated lease (non-cash)	–	(53)	(53)
At March 31, 2022	4,402	1,200	5,602
Financing cash flows[i]	9,814	(335)	9,479
New lease liabilities (non-cash)	–	492	492
Early terminated lease (non-cash)	–	(12)	(12)
At March 31, 2023	14,216	1,345	15,561

[i] The cash flows make up the net amount of proceeds from borrowings and repayment of borrowings and lease liabilities in the statement of cash flows.

14 TRADE AND OTHER PAYABLES

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Trade payables	39,241	5,409	31	3
Accruals	2,279	6,230	198	198
Other payables	362	1,278	–	–
	41,882	12,917	229	201

The credit period on trade payables ranges from 30 to 60 days (2022 : 30 to 60 days). No interest is charged on outstanding balances.

15 LEASE LIABILITIES

	Group	
	2023	2022
	$'000	$'000
Maturity analysis:		
Year 1	323	210
Year 2	145	75
Year 3	72	72
Year 4	72	72
Year 5	72	72
Year 6 onwards	996	1,067
	1,680	1,568
Less: Unearned interest	(335)	(368)
	1,345	1,200
Analysed as:		
Current	288	173
Non-current	1,057	1,027
	1,345	1,200

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

16 DEFERRED TAX ASSETS (LIABILITIES)

The following are deferred tax assets and liabilities recognised by the Group and the movements thereon, during the current and prior reporting periods:

Group	Unutilised tax losses $'000	Accelerated tax depreciation $'000	Total $'000
At April 1, 2021	221	(197)	24
(Charge) Credit to profit or loss for the year (Note 23)	(22)	16	(6)
Exchange differences	–	1	1
At March 31, 2022	199	(180)	19
Adjustment	(56)	–	(56)
(Charge) Credit to profit or loss for the year (Note 23)	(75)	131	56
Exchange differences	(12)	(1)	(13)
At March 31, 2023	56	(50)	6

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group	
	2023 $'000	2022 $'000
Deferred tax assets	56	199
Deferred tax liabilities	(50)	(180)
	6	19

Subject to the agreement by the tax authorities, at the reporting date, the Group has unutilised tax losses of $56,000 (2022: $1,170,000) available for offset against future profits. A deferred tax asset has been recognised in respect of such losses. Included in the unutilised tax losses are losses amounting to $56,000 (2022: $68,000) of subsidiary which operates in tax jurisdictions other than Singapore that will expire in 2025.

17 SHARE CAPITAL

	Group and Company			
	2023	2022	2023	2022
	Number of ordinary shares ('000)		$'000	$'000
Issued and paid up:				
At beginning and end of the 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.

18 TREASURY SHARES

	Group and Company			
	2023	2022	2023	2022
	Number of ordinary shares ('000)		$'000	$'000
At beginning of year	2,226	–	165	–
Repurchased during the year	–	2,226	–	165
At end of year	2,226	2,226	165	165

In 2022, the Group acquired 2,226,000 of its own shares through purchases on the Singapore Exchange Securities Trading Limited during the year. The total amount paid to acquire the shares was $165,000 and has been deducted from shareholders' equity. The shares are held as treasury shares. The company intends to reissue these shares to executives who exercise their share options under the employee share option plan.

19 RESERVES

Merger reserve

Merger reserve represents the difference between the nominal amount of the share capital of the subsidiaries at the date when they were acquired by the Company and the nominal amount of the share capital issued as consideration for the acquisition using the principles of merger accounting applicable to entities under common control.

Capital reserve

Capital reserve represents equity-settled shares given to employees by the directors of Typha Holdings Pte. Ltd., ultimate holding company, to recognise and reward the employees for their past contributions and services. The reserve is made up of cumulative market value of shares given to the employees at grant date over the moratorium period commencing from the award of shares to these employees.

20 REVENUE

The Group derives its revenue from the transfer of services over time in the following major lines. This is consistent with revenue information that is disclosed for each reportable segment under SFRS(I) 8 Operating Segments (Note 28).

	Group	
	2023	2022
	$'000	$'000
Over time:		
Engineering, procurement and construction contracts	88,105	49,484
Operations and maintenance services	18,313	15,182
Chemical	10	–
	106,428	64,666

The aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period is $310.3 million (2022: $297.5 million).

Management expects that 45% (2022: 39%) of the transaction price allocated to the unsatisfied contracts as at March 31, 2023 will be recognised as revenue during the next reporting period amounting to $140.5 million (2022: $117.2 million). Of the remaining 55% (2022: 61%), $86.7 million (2022: $90.1 million) will be recognised as revenue in second year, $65.6 million (2022: $53.8 million) in third year, $17.1 million (2022: $36.4 million) in fourth year, and $0.4 million (2022: $Nil) in fifth year.

21 OTHER INCOME

	Group	
	2023	2022
	$'000	$'000
Government grant	453	1,947
Interest income	74	39
Gain on disposal of property, plant and equipment & right-of-use assets	–	5
Management fees from joint operation	35	35
Others	228	133
	790	2,159

In 2022, the Group received wage support for local employees under the Jobs Support Scheme ("JSS") from the Singapore Government as part of the Government's measure to support business during the period of economic uncertainty impacted by COVID-19. The Group assessed that there is reasonable assurance that it will comply with the conditions attached to the grants and the grants will be received. Grant income is recognised in profit or loss on a systematic basis over the period of uncertainty in which the related salary costs for which the grant is intended to compensate is recognised as expenses. Government grant income of Nil (2022: $732,000) was recognised during the year.

22 FINANCE COSTS

	Group	
	2023	2022
	$'000	$'000
Interest on:		
Borrowings	386	59
Lease liabilities	41	44
	427	103

23 INCOME TAX

	Group	
	2023	2022
	$'000	$'000
Current tax	826	140
Deferred tax (Note 16)	(56)	6
Under provision of current tax in prior years	65	97
	835	243

Domestic income tax is calculated at 17% (2022: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2023	2022
	$'000	$'000
Profit before tax	5,011	1,997
Income tax expense calculated at statutory rate	852	339
Non-taxable items	(106)	(124)
Under provision of current tax in prior years	65	97
Tax exempt income	(34)	(17)
Others	58	(52)
	835	243

24 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2023	2022
	$'000	$'000
Employee benefits expenses (including directors' remuneration)	23,960	18,784
Cost of defined contribution plans included in employee benefits expenses	1,061	674
Net foreign exchange loss [1]	90	122
Expenses relating to short-term leases	1,218	996
Audit fees:		
- paid to auditors of the Company	142	100
- paid to other auditors	45	42

(1) Included in other operating expenses.

The total cash outflow for leases amounted to $1,553,000 (2022: $1,428,000).

25 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share ("EPS") attributable to the ordinary owners of the Company is based on the following data:

	Group	
	2023	2022
Profit for the year attributable to owners of the Company ($'000)	4,349	1,774
Weighted average number of ordinary shares	267,646,490	267,646,490
EPS - Basic and diluted (cents)	1.62	0.66

There were no dilutive equity instruments for 2023 and 2022.

26 DIVIDENDS

In 2022, the Company declared and paid a final 1-tier tax exempt dividend of $0.0007 per ordinary share amounting to $186,502 for the financial year ended March 31, 2021 to the shareholders.

In 2023, the Company declared and paid a final 1-tier tax exempt dividend of $0.00375 per ordinary share amounting to $999,120 for the financial year ended March 31, 2022 to the shareholders.

Subsequent to March 31, 2023, the Company proposes a final 1-tier tax exempt dividend of $0.00768 per ordinary share amounting to $2,046,198 for the year ended March 31, 2023 to the shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

27 OPERATING LEASE ARRANGEMENTS

The Group as lessee

At March 31, 2023, the Group is committed to $535,000 (2022: $293,000) for short-term leases.

28 SEGMENT INFORMATION

For purposes of resource allocation and assessment of segment performance, the Group's chief operating decision makers 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 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 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.

28 SEGMENT INFORMATION (CONT'D)

Segment revenue and results

	Group	
	2023	2022
	$'000	$'000
Revenue - EPC	88,115	49,484
Revenue - O&M	18,313	15,182
Total revenue	106,428	64,666
Gross profit - EPC	11,354	4,932
Gross profit - O&M	2,887	2,833
Total gross profit	14,241	7,765
Unallocated corporate expenses	(7,180)	(4,155)
Depreciation	(1,697)	(1,549)
Interest income	74	39
Finance costs	(427)	(103)
Profit before tax	5,011	1,997
Income tax	(835)	(243)
Profit for the year	4,176	1,754

Revenue reported above represents revenue generated from external customers. There were $Nil inter-segment sales during the year (2022 : $Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of central administration costs, finance costs and income tax expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

28 SEGMENT INFORMATION (CONT'D)

Geographical information

The Group's activities are located primarily in Singapore and Myanmar. The geographical locations of the Group's customers and non-current assets are primarily in Singapore and Myanmar.

Group	Revenue from external customers		Non-current assets	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Singapore	105,440	63,247	9,490	9,503
Myanmar	878	1,419	114	146
Malaysia	110	–	32	33
	106,428	64,666	9,636	9,682

Information about major customers

Revenue derived from customers who individually account for 10% or more of the Group's revenue is detailed below:

	Group	
	2023	2022
	$'000	$'000
Customer A (EPC and O&M)	53,353	32,151
Customer B (EPC)	35,819	19,421

For the purposes of monitoring segment performance and allocating resources between segments, the Group's chief operating decision makers do not monitor the tangible, intangible and financial assets attributable to each segment.

29 INTERESTS IN JOINT OPERATIONS

In July 2016, the Group entered into a joint operation in Singapore for an engineering, procurement and construction project, Chye Joo-Sanli Joint Venture, to which it is entitled to 45.07% proportionate share of the assets, liabilities and profits or losses. In February 2023, the joint operation had ceased since the aforementioned project is completed.

In July 2020, the Group entered into a joint operation in Singapore for an engineering, procurement and construction project, Sanli-HAE JV, to which it is entitled to 51% proportionate share of the assets, liabilities and profits or losses.

STATISTICS OF SHAREHOLDINGS

As at 23 June 2023

No. of issued shares (excluding treasury shares):	266,432,113
No. of treasury shares:	2,225,700
Percentage of treasury shares against total number of issued shares (excluding treasury shares):	0.835%
Class of shares:	Ordinary Shares
Voting rights:	One vote per ordinary share
No. of subsidiary holdings:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHARES	% OF SHARES	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS
100 - 1,000	53,878	0.02	64	8.56
1,001 - 10,000	1,409,900	0.52	265	35.43
10,001 - 1,000,000	32,773,500	12.20	402	53.74
1,000,001 and above	234,420,535	87.26	17	2.27
GRAND TOTAL	**268,657,813**	**100.00**	**748**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	TYPHA HOLDINGS PTE LTD	110,288,509	41.39
2	PEK KIAN BOON	23,897,512	8.97
3	KEW BOON KEE	21,882,675	8.21
4	SIM HOCK HENG	21,882,675	8.21
5	LEE TIEN CHIAT	13,282,675	4.99
6	RAFFLES NOMINEES (PTE.) LIMITED	11,881,400	4.46
7	JEREMY LEE SHENG POH	8,846,900	3.32
8	PHILLIP SECURITIES PTE LTD	6,928,589	2.60
9	CHAN KOK HIANG	2,750,000	1.03
10	KOH YEW CHOO	2,400,800	0.90
11	OCBC SECURITIES PRIVATE LIMITED	1,864,200	0.70
12	IFAST FINANCIAL PTE. LTD.	1,733,900	0.65
13	CHUA BOON TECK	1,258,000	0.47
14	NG KING KIONG	1,180,700	0.44
15	YIT CHEE WAH	1,058,700	0.40
16	DBS NOMINEES (PRIVATE) LIMITED	1,057,600	0.40
17	TAY GHIM HOON ELLEN (ZHENG JINFEN ELLEN)	927,100	0.35
18	TIGER BROKERS (SINGAPORE) PTE. LTD.	739,800	0.28
19	CHEN SHUEH SY	710,000	0.27
20	GOH TONG LIM	600,000	0.23
	TOTAL	**235,171,735**	**88.27**

STATISTICS OF SHAREHOLDINGS

As at 23 June 2023

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on the information available to the Company as at 23 June 2023, approximately 27.99% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Catalist Rules is complied with.

SUBSTANTIAL SHAREHOLDERS AND DIRECTORS

	Direct Interest		Deemed Interest	
	Number of Shares	**%(1)**	**Number of Shares**	**%(1)**
Directors				
Mr Ng Lip Chi, Lawrence	–	–	–	–
Mr Kew Boon Kee(2)	21,882,675	8.21%	110,288,509	41.39%
Mr Sim Hock Heng(2)	21,882,675	8.21%	110,288,509	41.39%
Mr Lee Tien Chiat(2)	13,282,675	4.99%	110,288,509	41.39%
Mr Chan Hock Leong	100,000	0.04%	–	–
Mr Latiff Bin Ibrahim	–	–	–	–
Substantial Shareholders (other than Directors)				
Typha Holdings Pte. Ltd.(2)	110,288,509	41.39%	–	–
Pek Kian Boon	23,897,512	8.97%	–	–

Notes:

(1) The percentage shareholding interest is computed based on 266,432,113 Shares (excluding treasury shares) as at the Latest Practicable Date.

(2) The shareholders of Typha Holdings Pte. Ltd. are Mr Sim Hock Heng, Mr Kew Boon Kee and Mr Lee Tien Chiat, each holding 33.3% of the share capital of Typha Holdings Pte. Ltd.. Accordingly, Mr Sim Hock Heng, Mr Kew Boon Kee and Mr Lee Tien Chiat are deemed to have an interest in the shares held by Typha Holdings Pte. Ltd. by virtue of Section 7 of the Companies Act.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of SANLI ENVIRONMENTAL LIMITED (the "**Company**") will be held at 28 Kian Teck Drive, Singapore 628845 on **Friday, 28 July 2023** at **10.00 a.m.** (Singapore Time), to transact the following business:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2023 together with the Independent Auditor's Report thereon. **Resolution 1**

2. To approve a tax exempt (1-tier) final dividend of 0.768 Singapore cents per share for the financial year ended 31 March 2023. **Resolution 2**

3. To approve Directors' fees of S$125,000 for the financial year ended 31 March 2023. **Resolution 3**

4. To re-elect Mr Ng Lip Chi, Lawrence, a Director retiring pursuant to Regulation 108 of the Company's Constitution. [See Explanatory Note (a)] **Resolution 4**

5. To re-elect Mr Latiff Bin Ibrahim, a Director retiring pursuant to Regulation 108 of the Company's Constitution. [See Explanatory Note (b)] **Resolution 5**

6. To re-appoint Messrs Deloitte & Touche LLP, as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

7. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:-

8. <u>Authority to allot and issue shares and convertible securities</u> **Resolution 7**

"That pursuant to Section 161 of the Companies Act 1967 (the "**Act**") and Rule 806 of the Listing Manual (Section B: Rules of Catalist) ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

(a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation or issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares; and/or

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues;

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force, provided always that:

(i) the aggregate number of Shares to be allotted and issued (including Shares to be issued pursuant to the Instruments made or granted) pursuant to this Resolution shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holding) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be allotted and issued (including Shares to be issued pursuant to the Instruments made or granted) other than on a pro-rata basis to the Shareholders of the Company shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holding) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below);

(ii) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the percentage number of Shares that may be issued (including Shares to be issued pursuant to the Instruments made or granted) under sub-paragraph (i) above, the total number of issued Shares (excluding treasury shares and subsidiary holding)shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holding) in the Company at the time of the passing of this Resolution, after adjusting for:

i. new Shares arising from the conversion or exercise of any convertible securities;

ii. new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided that the share options or share awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

iii. any subsequent bonus issue, consolidation or subdivision of shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and all applicable legal requirements under the Act and the Constitution of the Company for the time being; and

(d) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

9. Proposed Renewal of The Share Buy-Back Mandate **Resolution 8**

"That:

(a) for the purposes of the Companies Act 1967 of Singapore ("**Companies Act**"), the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Maximum Limit (defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (defined below), whether by way of:

(i) on-market purchases ("**On-Market Share Purchase(s)**") transacted on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") or, as the case may be, any other stock exchange on which Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases ("**Off-Market Share Purchase(s)**") transacted otherwise than on the SGX-ST, in accordance with an equal access scheme (as defined in Section 76C of the Companies Act);

and otherwise in accordance with all other laws and regulations, including but not limited to the rules of the SGX-ST, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("**Share Buy- Back Mandate**");

(b) the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this resolution relating to the Share Buy- Back Mandate and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or is required by law to be held;

(ii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the shareholders of the Company in a general meeting; or

(iii) the date on which the purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate have been carried out to the full extent mandated,

(c) in this resolution relating to the Share Buy-Back Mandate:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days on which transactions in the Shares were recorded, immediately preceding the day of the On-Market Share Purchase by the Company or, as the case may be, the Offer Date (defined below) pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5)-Market Day period and the day on which the On-Market Share Purchase is made or, as the case may be, the Offer Date;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**Maximum Limit**" means that number of Shares representing 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of this resolution relating to the Share Buy-Back Mandate, unless the Company has, at any time during the Relevant Period, reduced its share capital in accordance with the applicable provisions of the Companies Act, in which event the total number of issued Shares shall be taken to be the total number of issued Shares as altered (excluding any treasury shares and subsidiary holdings);

"**Maximum Price**" in relation to a Share to be purchased, means the purchase price (excluding applicable brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price; and

"**Offer Date**" means the day on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase;

"**Relevant Period**" means the period commencing from the date on which this resolution relating to the Share Buy-Back Mandate is passed and expiring on the earlier of the date of the next annual general meeting of the Company or the date by which such annual general meeting is required by law to be held;

(d) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Buy-Back Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held in treasury and dealt with in accordance with the Companies Act; and

(e) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including, without limitation, executing such documents as may be required and to approve any amendments, alterations or modifications to any documents) as they and/or he may consider desirable, expedient or necessary to give effect to the transactions contemplated and/or authorised by this resolution relating to the Share Buy-Back Mandate."

By Order Of The Board

Goh Siew Geok (Ms)
Company Secretary
Date: 13 July 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(a) In relation to Ordinary Resolution No. 4, Mr Ng Lip Chi, Lawrence, will be retiring from office at the AGM pursuant to Regulation 108 of the Constitution of the Company, and will be standing for re-election at the AGM. Please refer to the sections on "Board of Directors", "Corporate Governance Report" and "Additional Information On Directors Seeking Re-Election" of the Company's 2023 Annual Report for more information relating to Mr Ng. There are no relationships (including immediate family relationships) between Mr Ng and other directors of the Company. Mr Ng will, upon re-election, continue to serve as the Chairman of the Board, the Chairman of the Remuneration Committee, a member of the Nominating Committee and the Audit Committee. Mr Ng is considered independent for purposes of Rule 704(7) of the Catalist Rules.

(b) In relation to Ordinary Resolution No. 5, Mr Latiff Bin Ibrahim, will be retiring from office at the AGM pursuant to Regulation 108 of the Constitution of the Company, and will be standing for re-election at the AGM. Please refer to the sections on "Board of Directors", "Corporate Governance Report" and "Additional Information On Directors Seeking Re-Election" of the Company's 2023 Annual Report for more information relating to Mr Latiff. There are no relationships (including immediate family relationships) between Mr Latiff and other directors of the Company. Mr Latiff will, upon re-election, continue to serve as the Chairman of the Nominating Committee, a member of the Remuneration Committee and the Audit Committee. Mr Latiff is considered independent for purposes of Rule 704(7) of the Catalist Rules.

Statement Pursuant to Regulation 74 of the Company's Constitution

The effect of the resolutions under the heading "Special Business" in this Notice of the AGM are:

(1) The Ordinary Resolution 7 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares and subsidiary holding), of which up to 50% may be issued other than on a pro-rata basis to Shareholders.

For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holding) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of Shares.

(2) The Ordinary Resolution 8 above, if passed, will empower the Directors, during the period commencing from the passing of the Resolution and expiring on the earliest of the date on which the next annual general meeting of the Company is held or is required by law to be held, the date on which the mandate is revoked or varied by Shareholders in general meeting or the date on which the purchase of Shares has been carried out to the full extent mandated, to purchase or otherwise acquire, by way of On-Market Share Purchases or Off-Market Share Purchases, up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of the Resolution, on the terms of the Share Buy-Back Mandate as set out in the Appendix to the Annual Report. The Company may use internal sources of funds or borrowings or a combination of both to finance the Company's purchase or acquisition of the Shares pursuant to the Share Buy-Back Mandate. The Directors do not propose to exercise the Share-Buy Mandate in a manner and to such extent that it would have a material adverse effect on the financial position, liquidity and/or the capital adequacy of the Group.

NOTES:

1. FORMAT OF MEETING

The AGM will be held, in a wholly physical format, at the venue, date and time stated above. Shareholders, including CPF/SRS investors, and (where applicable) duly appointed proxies or representatives will be able to ask questions and vote at the AGM by attending the AGM in person. **There will be no option for shareholders to participate virtually.** Printed copies of this Notice of AGM and Proxy Form will be sent by post to members. These documents will also be published on the Company's website at https://www.sanli.com.sg and on the SGX website at https://www.sgx.com/securities/company-announcements.

2. APPOINTMENT OF PROXY(IES)

(a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

A member who wishes to appoint a proxy(ies) must complete the instrument appointing a proxy(ies), before submitting it in the manner set out below.

NOTICE OF ANNUAL GENERAL MEETING

Submission of Proxy Forms to Vote

A proxy need not be a member of the Company. A member may choose to appoint the Chairman of the Meeting as his/her/its proxy.

The Proxy Form, duly completed and signed, must be submitted to the Company in the following manner:

(a) If submitted personally or by post, must be deposited at the Company's Share Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

(b) if submitted electronically, be submitted via email to the Company's Share Registrar at srs.teamc@boardroomlimited.com,

and in each case, must be submitted or received (as the case may be) **not less than seventy-two (72) hours before the time appointed for the holding of the AGM**.

CPF and SRS investors:

(a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

(b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 18 July 2023.

3. SUBMISSION OF QUESTIONS PRIOR TO THE AGM

Shareholders, including CPF and SRS investors, may submit substantial and relevant questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM:

(a) by post to the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

(b) via email to the Company's Share Registrar at srs.teamc@boardroomlimited.com.

When submitting questions by post or via email, shareholders should also provide the following details: (i) the shareholder's full name; (ii) the shareholder's email address; and (iii) the manner in which the shareholder holds shares in the Company (e.g., via CDP, CPF/SRS and/or physical scrip), for verification purposes.

All questions submitted in advance must be received by 5.00 p.m. on 20 July 2023.

The Company will address all substantial and relevant questions received from shareholders by the 20 July 2023 deadline by publishing its responses to such questions on the Company's corporate website at https://www.sanli.com.sg and on the SGX website at https://www.sgx.com/securities/company-announcements and at least 48 hours prior to the closing date and time for the lodgement of instruments appointing a proxy(ies). The Company will respond to questions or follow-up questions submitted after the 20 July 2023 deadline either within a reasonable timeframe before the AGM, or at the AGM itself. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

Shareholders, including CPF and SRS investors, and (where applicable) duly appointed proxies or representatives can also ask the substantial and relevant questions related to the resolutions to be tabled for approval at the AGM, at the AGM itself.

4. ACCESS TO DOCUMENTS

The Company's Annual Report 2023 and the Appendix in relation to the proposed renewal of share buy-back mandate dated 13 July 2023 can be accessed via SGXNet and the Company's website at https://www.sanli.com.sg.

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy

Where a member of the Company submits (a) an application to pre-register to participate in the AGM via the live audio-visual webcast and live audio-only stream, (b) questions relating to the resolutions to be tabled for approval at the AGM, and/or (c) a Proxy Form to vote at the AGM and/or any adjournment thereof, the member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purposes of (a) processing the member's application to pre-register to participate in the AGM via the live audio-visual webcast and live audio-only stream and providing the member with any technical assistance where possible, (b) addressing any selected questions submitted by the member and following up with the member where necessary, (c) the processing and administration by the Company (or its agents or service providers) of the proxy appointed for the AGM (including any adjournment thereof), and (d) the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, "Purposes"), and (ii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's action or omission. Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

This notice has been reviewed by the Company's sponsor ("Sponsor"), SAC Capital Private Limited. This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement. The contact person for the Sponsor is Mr David Yeong (Tel: (65) 6232 3210) at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.

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SANLI ENVIRONMENTAL LIMITED
Company Registration No. 201705316M
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. The Annual General Meeting will be held, in a wholly physical format, at the venue, date and time stated below. There will be no option for shareholders to participate virtually.
2. Please read the notes overleaf which contain instructions on, inter alia, the appointment of a proxy(ies).
3. For investors who have used their CPF/SRS monies to buy shares in the capital of Sanli Environmental Limited, this proxy form is not valid for use and shall be ineffective for all intent and purposes if used or purported to be used by them. CPF/SRS investors who wish to appoint the Chairman of the Meeting as their proxy should contact their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 18 July 2023.
4. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 13 July 2023.

*I/We, ______________________________ *(Name)*

*NRIC/Passport No./Company Registration No. ______________________________

0f ______________________________ (Address)

being a *member/members of Sanli Environmental Limited (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of shareholdings**	
		No. of Shares	**%**
Address			

*and/or

Name	**NRIC/Passport No.**	**Proportion of shareholdings**	
		No. of Shares	**%**
Address			

or, failing *him/her, the Chairman of the Meeting, as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the Annual General Meeting ("**AGM**") of the Company to be held at 28 Kian Teck Drive, Singapore 628845 on Friday, 28 July 2023 at 10.00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given, the proxy/proxies will vote or abstain from voting at his/ her/their discretion, as he/she/they will on any other matter arising at the EGM and at any adjournment thereof, except that where the Chairman of the Meeting is appointed as proxy and no specific directions as to voting is given in respect of the resolution, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick [√] or cross [x] within the box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.)

No.	Ordinary Resolutions	For	Against	Abstain
1	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 March 2023 together with the Independent Auditor's Report thereon. **(Resolution 1)**			
2	To approve a tax exempt (1-tier) final dividend of 0.768 Singapore cents per share for the financial year ended 31 March 2023. **(Resolution 2)**			
3	To approve Directors' fees of S$125,000 for the financial year ended 31 March 2023. **(Resolution 3)**			
4	To re-elect Mr Ng Lip Chi, Lawrence, a Director retiring pursuant to Regulation 108 of the Company's Constitution. **(Resolution 4)**			
5	To re-elect Mr Latiff Bin Ibrahim, a Director retiring pursuant to Regulation 108 of the Company's Constitution. **(Resolution 5)**			
6	To re-appoint Messrs Deloitte & Touche LLP, as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**			
7	To authorise Directors to allot and issue shares and convertible securities. **(Resolution 7)**			
8	To approve the renewal of the Share Buy-back Mandate. **(Resolution 8)**			

Dated this ________day of ______________, 2023

Total Number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Shareholder(s)/Common Seal of Corporate Shareholder

**Delete where appropriate*

IMPORTANT: Please read notes for this Proxy Form

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register, you should insert that number. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.

2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's instrument appointing a proxy(ies) appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

3. A proxy need not be a member of the Company.

4. A member who wishes to appoint a proxy(ies) must complete the instrument appointing a proxy(ies), before submitting it in the manner set out below:

   (i) If submitted personally or by post, must be deposited at the Company's Share Registrar's office at Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or

   (ii) if submitted electronically, be submitted via email to the Company's Share Registrar at srs.teamc@boardroomlimited.com;

   and in each case, must be submitted or received (as the case may be) **not less than seventy-two (72) hours before the time appointed for the holding of the AGM.**

5. The instrument appointing a proxy(ies) must be under the hand of the appointer or of his/her/its attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.

6. Where an instrument appointing a proxy(ies) is signed on behalf of the appointer by an attorney, the letter or the power of attorney (or other authority) or a duly certified copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the Office, **not less than seventy-two (72) hours before the time for holding the meeting or adjourned meeting** at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act 1967.

8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointer, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited (CDP) to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the Meeting as a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of the Annual General Meeting.

SANLI ENVIRONMENTAL LIMITED
(INCORPORATED IN THE REPUBLIC OF SINGAPORE ON 27 FEBRUARY 2017)
(COMPANY REGISTRATION NO. 201705316M)

28 Kian Teck Drive Singapore 628845
Tel: (65) 6578 9269 | www.sanli.com.sg