



## SANLI ENVIRONMENTAL LIMITED

Company Registration No.: 201705316M

### Media Release

## Sanli Environmental's FY2024 revenue rises 22.7% to S\$130.6 million

- Revenue growth in FY2024 was driven by growth in both EPC and O&M segments
- Achieved a net profit of S\$3.0 million for FY2024
- Current orderbook stands at S\$315.6 million and is expected to be completed by 2027
- Proposes final dividend of 0.327 Singapore cents per share for FY2024 that is subject to shareholders' approval at the upcoming AGM

**SINGAPORE, 24 May 2024** – SGX-Catalist listed Sanli Environmental Limited (“Sanli”, the “Company”, “三立环境有限公司” and together with its subsidiaries, the “Group”), one of Singapore’s leading environmental engineering companies, wishes to announce that for the financial year ended 31 March 2024 (“FY2024”), the Group recorded a 22.7% increase in revenue to S\$130.6 million from S\$106.4 million in the financial year ended 31 March 2023 (“FY2023”).

### Financial Highlights

S\$'million	FY2024	FY2023	% Change
Revenue	130.6	106.4	22.7
Gross Profit	16.2	14.2	14.0
Gross Profit Margin	12.4%	13.4%	- 1%pts
Profit after Tax	3.0	4.2	- 29.3

The Group's FY2024 revenue increase was due to growth in both its Engineering, Procurement and Construction ("EPC") and Operations and Maintenance ("O&M") segments. Revenue from the EPC segment grew by 22.7% to S\$108.1 million due to the execution of new projects initiated in the previous year, while the O&M segment grew by 22.5% to S\$22.4 million, driven by the completion of more O&M orders in FY2024.

### Segmental Revenue

S\$'million	FY2024	FY2023	% Change
<b>Engineering, Procurement and Construction</b>	108.1	88.1	22.7
<b>Operations and Maintenance</b>	22.4	18.3	22.5
<b>Total</b>	130.6	106.4	22.7

The Group's gross profit increased by 14.0% to S\$16.2 million in FY2024, in line with the higher revenue recorded. However, overall gross profit margin decreased from 13.4% in FY2023 to 12.4% in FY2024, mainly due to the performance of the O&M segment which faced higher material costs arising from market fluctuations and supply chain challenges that resulted in a lower profit margin as compared to the EPC segment.

Other income decreased by 30.8% to S\$0.6 million in FY2024, and this was primarily attributable to lower government grants and incentives received under the Singapore government's Jobs Support Scheme. However, an increase in rental income from the Group's dormitory facilities helped to offset the decrease.

The Group's administration expenses also rose by 18.0% to S\$9.2 million in FY2024 due to higher staff related costs, property tax and legal and professional fees for the Group's new business diversifications, along with short-term office rental expenses incurred in FY2024. Other operating expenses increased by 6.3% to S\$1.9 million due to higher depreciation of property, plant and equipment for FY2024, primarily driven by the Group's newly acquired property at 22 Chin Bee Drive. The newly acquired property also contributed to a higher property loan interest which was the main reason for the S\$1.2 million increase in finance costs to S\$1.7 million in FY2024, in addition to short-term bank borrowings used to fund major EPC and O&M projects.

As a result, the Group's FY2024 profit after tax was S\$3.0 million, a decrease of 29.3% from S\$4.2 million in FY2023. The profit after tax attributable to shareholders of S\$2.9 million, translated into an earnings per share of 1.09 Singapore cents (FY2023: 1.62 Singapore cents)<sup>1</sup>. As at 31 March 2024, the Group's financial position remains resilient with a net asset value of S\$32.0 million (31 March 2023: S\$31.1 million). This translates into a net asset value per share of 12.00 Singapore cents as at 31 March 2024, compared to 11.68 Singapore cents as at 31 March 2023<sup>2</sup>.

Commenting on the FY2024 financial results, **Mr Sim Hock Heng, Chief Executive Officer of Sanli** said: *"We continue to see strong revenue growth in FY2024, but our overall performance was muted by the challenging operating environment. We continue to see growth in demand for water and wastewater treatment as well as renewable energy, and have made good progress with our diversification strategy to broaden our revenue streams and capitalise on emergent opportunities. We will continue to build up our project pipeline, while bolstering it with new recurring income streams that are being developed. With ongoing geopolitical tensions and a dynamic and uncertain global economic outlook, we will continue to remain vigilant in terms of managing our costs and cash flow while mitigating business risks as we pursue opportunities that leverage our strong engineering expertise and track record."*

### **Final Dividend**

To reward shareholders for their continued support, and after taking into account the FY2024 financial results, the Board of Directors of the Company is recommending a first and final dividend of 0.327 Singapore cents per share for FY2024, which is subject to the approval of shareholders at the forthcoming annual general meeting of the Company to be held in July 2024. The final dividend payout constitutes approximately 29.8% of the profit after tax attributable to owners of the Company for FY2024.

### **Business Outlook**

While the Group's revenue rose from S\$106.4 million in FY2023 to S\$130.6 million in FY2024, its profit after tax dropped notably from S\$4.2 million to S\$3.0 million. Heightened supply chain costs, elevated interest rates, inflationary pressures, and global economic uncertainties contributed to this decline. Nevertheless, the Group continues to pursue major municipal projects in Singapore and currently has an

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<sup>1</sup> Earnings per share is calculated based on the weighted average number of ordinary shares of 267,646,490 for FY2024 and FY2023.

<sup>2</sup> Net asset value per share is calculated based on 266,432,113 ordinary shares as at 31 March 2023 and 31 March 2024.

order book of S\$315.6 million, which is expected to be completed by 2027, barring unforeseen circumstances. At the same time, the Group's diversification strategy of expanding into manufacturing sector, industrial sector, and renewable energy sector abroad, is yielding results. The Group will also continue to actively look for synergistic partnerships and acquisitions for growth, while eyeing the opportunities presented by Singapore's S\$100 billion coastal protection plan and other significant water infrastructure projects. However, ongoing global geopolitical tensions continue to pose economic challenges, and this will likely have an impact on the Group's operations.

#### Expansion into Manufacturing Business

In FY2023, the Group established a manufacturing arm, Mag Chemical Pte. Ltd., to produce magnesium hydroxide slurry, with targeted applications in the environmental protection market. This initiative is aligned with the Group's strategy to diversify its revenue streams and capitalise on green technologies that can tap on its existing engineering expertise.

The Group has started operations at its magnesium hydroxide slurry manufacturing plant and is engaging with customers to develop this business further. In addition, the Group is also actively exploring new opportunities to expand the applications of this product and is collaborating with experts from various sectors to unlock its full potential.

#### Expansion into Industrial Sector

The Group has further diversified its operations by venturing into the industrial sector through its wholly owned subsidiary, Enviro Plant & Engineering Pte. Ltd. ("**EPE**"). EPE specialises in providing environmental engineering solutions, including water and wastewater treatment, air pollution control, and solid waste management, to industrial plants in Singapore and Southeast Asia. In FY2024, EPE successfully secured its first project, and it is progressing according to schedule.

#### Update on Sanli Myanmar

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

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

End.

***Note: This media release is to be read in conjunction with the Company's financial statements for the full year ended 31 March 2024 announced on the same date on SGXNet.***

#### **About Sanli Environmental Limited**

Listed in 2017 on the SGX-Catalist, Sanli Environmental Limited (“**Sanli**”) is an environmental engineering company in the field of water and waste management. Sanli’s expertise is in the design, supply, delivery, installation, commissioning, maintenance, repair and overhaul of mechanical and electrical equipment as well as process, instrumentation and control systems in wastewater treatment plants, water reclamation plants, NEWater plants, waterworks, service reservoirs, pumping stations and incineration plants.

The Company’s business is divided into three business segments.

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

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

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

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*This media release has been reviewed by the Company's sponsor ("Sponsor"), SAC Capital Private Limited. This media release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this media release, including the correctness of any of the statements or opinions made, or reports contained in this announcement. The contact person for the Sponsor is Ms Lee Khai Yinn (Telephone number: +65 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.*