



SANLI ENVIRONMENTAL LIMITED

Company Registration No.: 201705316M

INCORPORATION OF A WHOLLY OWNED SUBSIDIARY

- MAG CHEMICAL PTE. LTD.

The Board of Directors (the "**Board**") of Sanli Environmental Limited (the "**Company**" and together with its subsidiaries and subsidiary entity, the "**Group**") is pleased to announce that its wholly owned subsidiary, Sanli M&E Engineering Pte Ltd has incorporated a wholly owned subsidiary named Mag Chemical Pte. Ltd. ("**Mag Chemical**").

Mag Chemical has been set up to manufacture magnesium hydroxide slurry ("**Manufacturing Business**") for use in various industrial applications such as the environmental protection market. Magnesium hydroxide is an inorganic compound which occurs in nature as the mineral, brucite. As the Group intends to produce magnesium hydroxide slurry from brucite mineral, Mag Chemical will source for suppliers of brucite mineral and will be selling the manufactured magnesium hydroxide slurry to customers in the water and wastewater treatment and marine industries.

The Manufacturing Business is part of the Group's efforts for diversification of business, which had been approved by the shareholders in an Extraordinary General Meeting on 26 May 2022.

The initial issued and paid-up capital of Mag Chemical is SGD10,000 comprising 10,000 shares. The incorporation of the subsidiary was funded through internal resources and is not expected to have a material impact on the earnings per share or net tangible assets of the Company for the current financial year ending 31 March 2023.

Save for their respective directorships and/or shareholdings in the Company and its subsidiaries, none of the Directors or controlling shareholders of the Company or any of their respective associates, has any interest, direct or indirect, in the abovementioned transaction.

BY ORDER OF THE BOARD

Kew Boon Kee
Chief Executive Officer
16 June 2022

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