



SANLI ENVIRONMENTAL LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration Number: 201705316M)

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

This announcement has been prepared by Sanli Environmental Limited (the "Company") and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

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.

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Background

Sanli Environmental Limited (the "Company"), together with its subsidiaries (the "Group"), was listed on the Catalist Board of the SGX-ST on 8 June 2017, pursuant to an initial public offering (the "IPO") exercise. The Group is an environmental engineering company with more than ten years of experience and have completed more than 1,000 projects, in the field of water and waste management. Its expertise is in the design, supply, delivery, installation, commissioning, maintenance, repair and overhaul of mechanical and electrical ("M&E") 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 was incorporated in Singapore on 27 February 2017 under the Singapore Companies Act as a private company limited by shares, under the name "Sanli Environmental Pte. Ltd.". The Company was incorporated pursuant to the restructuring exercise (the "Restructuring Exercise") as disclosed in the Company's offer document dated 30 May 2017 (the "Offer Document"). The Company was converted into a public limited company on 9 May 2017 and its name was changed to "Sanli Environmental Limited". Please refer to the Offer Document for further details on the Restructuring Exercise.

For the purpose of this announcement, the financial results of the Group for the financial year ended 31 March 2018 ("FY2018") and its comparative figures for the financial year ended 31 March 2017 ("FY2017") have been prepared on the assumption that the Group's structure had been in place since 1 April 2016.

PART I: INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

1(a)(i) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Increase/ (Decrease)
	FY2018	FY2017	
	S\$'000	S\$'000	%
Revenue	75,609	64,314	17.6
Cost of contract works	(64,738)	(53,915)	20.1
Gross profit	10,871	10,399	4.5
Other income	321	164	95.7
Administrative expenses	(5,246)	(3,437)	52.6
Other operating expenses	(1,867)	(623)	N.M.
Finance costs	(239)	(234)	2.1
Profit before tax	3,840	6,269	(38.7)
Income tax	(785)	(1,055)	(25.6)
Profit for the year	3,055	5,214	(41.4)
Other comprehensive income:			
Item that may subsequently reclassified to profit or loss:			
Exchange differences on translation of a foreign operation	13	(19)	N.M.
Total comprehensive income for the year	3,068	5,195	(40.9)
Profit for the year attributable to:			
Owners of the Company	3,069	5,172	(40.7)
Non-controlling interests	(14)	42	N.M.
	3,055	5,214	(41.4)
Total comprehensive income attributable to:			
Owners of the Company	3,082	5,153	(40.2)
Non-controlling interests	(14)	42	N.M.
	3,068	5,195	(40.9)

N.M. : Not meaningful

1(a)(ii) Notes to the statement of comprehensive income

	FY2018	Group FY2017	Increase/ (Decrease)
	S\$'000	S\$'000	%
Profit after income tax was arrived after crediting/(charging):			
Depreciation of property, plant and equipment	(576)	(492)	17.1
Currency exchange loss - net	(59)	(132)	(55.3)
Gain / (Loss) on disposal of property, plant and equipment	7	(25)	N.M.
Loss on disposal of available-for-sale investment	(7)	-	N.M.
Interest income	93	47	97.9
Interest expense	(237)	(222)	6.8
IPO expenses ⁽¹⁾	(1,231)	-	N.M.
Note(1):			
Profit before tax	3,840	6,269	(38.7)
Add: IPO expenses	1,231	-	N.M.
Profit before tax excluding IPO expenses	5,071	6,269	(19.1)

N.M. : Not meaningful

1(b)(i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 31 Mar 2018	As at 31 Mar 2017	As at 31 Mar 2018	As at 31 Mar 2017
	S\$'000	S\$'000	S\$'000	S\$
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	9,354	11,484	1,051	4
Trade and other receivables	15,686	6,665	13,501	-
Contract work-in-progress in excess of billings	13,477	5,812	-	-
Available-for-sale investments	-	257	-	-
Total current assets	38,517	24,218	14,552	4
Non-current assets				
Property, plant and equipment	10,500	5,648	-	-
Investment in subsidiaries	-	-	8,255	-
Available-for-sale investments	267	267	-	-
Total non-current assets	10,767	5,915	8,255	-
Total assets	49,284	30,133	22,807	4
<u>LIABILITIES</u>				
Current liabilities				
Borrowings	271	854	-	-
Convertible loan	-	2,000	-	-
Trade and other payables	19,820	12,556	227	-
Billings in excess of contract work-in-progress	450	760	-	-
Finance leases	87	87	-	-
Income tax payable	960	2,216	-	-
Total current liabilities	21,588	18,473	227	-
Non-current liabilities				
Borrowings	2,611	2,882	-	-
Finance leases	180	268	-	-
Total non-current liabilities	2,791	3,150	-	-
Total liabilities	24,379	21,623	227	-
NET ASSETS	24,905	8,510	22,580	4
<u>EQUITY</u>				
Capital and reserves attributed to equity holders of the Company				
Share capital	21,297	1,500	21,297	4
Capital reserves	232	-	-	-
Merger reserves	(6,755)	-	-	-
Translation reserves	(22)	(35)	-	-
Retained earnings	10,114	7,045	1,283	-
	24,866	8,510	22,580	4
Non-controlling interests	39	-	-	-
Total equity	24,905	8,510	22,580	4

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	Group			
	As at		As at	
	31 Mar 2018		31 Mar 2017	
	S\$'000		S\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	358	-	941	2,000
Amount repayable after one year	2,791	-	3,150	-
Total borrowings and debt securities	3,149	-	4,091	2,000

Details of collateral:

- i. Bank borrowings of S\$2,882,000 (31 March 2017: S\$3,153,000) is secured by a first legal charge over certain property, plant and equipment of the Group and corporate guarantee from the Company.
- ii. As at 31 March 2017, bank borrowings of S\$583,000 was secured by joint and several guarantees by certain directors of the Company. This amount was fully repaid as at 31 March 2018.
- iii. Finance leases of S\$267,000 (31 March 2017: S\$355,000) is secured by charges over the leased motor vehicles.

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	FY2018	FY2017
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	3,840	6,269
Adjustments for:		
Depreciation of property, plant and equipment	576	492
(Gain)/Loss on disposal of property, plant and equipment	(7)	25
Loss on disposal of available-for-sale investment	7	-
Share based expense	232	-
Finance costs	239	234
Interest income	(93)	(47)
Exchange difference	13	-
Operating cash flow before working capital changes	4,807	6,973
Change in operating assets and liabilities:		
Trade and other receivables	(9,021)	346
Trade and other payables	7,264	4,517
Contract work-in-progress in excess of billings	(7,665)	2,406
Billings in excess of contract work-in-progress	(310)	760
Cash (used in)/generated from operations	(4,925)	15,002
Income tax paid	(2,041)	(609)
Net cash (used in)/from operating activities	(6,966)	14,393
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,434)	(429)
Proceeds from disposal of property, plant and equipment	13	11
Proceeds from disposal of available-for-sale investment	250	-
Interest received	93	47
Net cash used in investing activities	(5,078)	(371)
Cash flows from financing activities		
Dividends paid to equity holders of the Company	-	(8,000)
Proceeds from issuance of new shares pursuant to IPO, net of IPO expenses capitalised	11,042	-
Repayment of borrowings	(854)	(2,841)
Proceeds from issuance of convertible loan	-	2,000
Repayment of finance lease obligations	(88)	(87)
Proceeds from non-controlling interests	53	-
Interest paid	(239)	(234)
Net cash from/(used in) financing activities	9,914	(9,162)
Net (decrease)/increase in cash and cash equivalents	(2,130)	4,860
Cash and cash equivalents at beginning of financial year	11,484	6,624
Cash and cash equivalents at end of financial year	9,354	11,484

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital	Merger reserves	Capital reserves	Translation reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Apr 17	1,500	-	-	(35)	7,045	8,510	-	8,510
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	3,069	3,069	(14)	3,055
Other comprehensive income for the year	-	-	-	13	-	13	-	13
Total	-	-	-	13	3,069	3,082	(14)	3,068
Transaction with owners, recognised directly in equity:								
Adjustments pursuant to the Restructuring Exercise	(1,500)	(6,755)	-	-	-	(8,255)	-	(8,255)
Share based expense	-	-	232	-	-	232	-	232
Issuance of new shares pursuant to the Restructuring Exercise	8,255	-	-	-	-	8,255	-	8,255
Issuance of new shares pursuant to the conversion of convertible loan	2,000	-	-	-	-	2,000	-	2,000
Issuance of new shares pursuant to the IPO	11,700	-	-	-	-	11,700	-	11,700
IPO expenses	(658)	-	-	-	-	(658)	-	(658)
Non-controlling interest arising from incorporation of a subsidiary	-	-	-	-	-	-	53	53
Total	19,797	(6,755)	232	-	-	13,274	53	13,327
Balance as at 31 Mar 18	21,297	(6,755)	232	(22)	10,114	24,866	39	24,905
Balance as at 1 Apr 16	1,500	-	-	(16)	9,873	11,357	(42)	11,315
Total comprehensive income for the year:								
Profit for the year	-	-	-	-	5,172	5,172	42	5,214
Other comprehensive income for the year	-	-	-	(19)	-	(19)	-	(19)
Total	-	-	-	(19)	5,172	5,153	42	5,195
Transaction with owners, recognised directly in equity								
Dividends	-	-	-	-	(8,000)	(8,000)	-	(8,000)
Balance as at 31 Mar 17	1,500	-	-	(35)	7,045	8,510	-	8,510

Company

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
Balance as at 27 Feb 17 and 1 Apr 17 ⁽¹⁾	-	-	-
Total comprehensive income for the year:			
Profit for the year	-	1,283	1,283
Issuance of new shares pursuant to the Restructuring Exercise	8,255	-	8,255
Issuance of new shares pursuant to the conversion of convertible loan	2,000	-	2,000
Issuance of new shares pursuant to the IPO	11,700	-	11,700
Capitalisation of IPO expenses	(658)	-	(658)
Balance as at 31 Mar 18	21,297	1,283	22,580

Note (1): The Company was incorporated on 27 February 2017 with a paid-up capital of four (4) shares of S\$1 each.

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the share capital of the Company as at 31 March 2017 except for the issued and paid up capital of four (4) shares of S\$1 each for the purpose of incorporation of the Company.

Subsequent to 31 March 2017, details of the changes in the issued and paid-up share capital of the Company since incorporation and the resultant issued and paid-up share capital immediately after the IPO are as follows:

	Number of shares	Issued and paid-up share capital(S\$)
Issued and fully paid-up shares as at incorporation of the Company	4	4
Issue of shares pursuant to the Restructuring Exercise	8,255,348	8,255,348
Issued and paid-up share capital immediately after the Restructuring Exercise	8,255,352	8,255,352
Sub-Division	202,256,124	8,255,352
Issue of new shares pursuant to the conversion of convertible loan	14,401,689	2,000,000
Issue of new shares pursuant to the IPO	52,000,000	11,042,083 ⁽¹⁾
Post-Invitation issued and paid-up share capital	268,657,813	21,297,435

Note (1): Taking into account the capitalisation of listing expenses of approximately S\$0.7 million.

As at 31 March 2018, there has been no changes to the issued and paid-up capital of the Company from the table as stated above.

There were no outstanding convertibles or shares held as treasury shares of the Company as at 31 March 2018 and 31 March 2017.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued ordinary shares as at 31 March 2018 was 268,657,813 (31 March 2017: 4). The Company does not have any treasury shares.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company does not have any subsidiary holdings.

2. **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the Issuer's most recently audited annual financial statements have been applied.**

The Group had consistently applied the same accounting policies and methods of computation for the current financial year compared to the most recently audited annual financial statements.

5. **If there are any changes in the accounting policies and methods of computation including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.**

The Group has adopted all the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for financial year beginning on or after 1 April 2017. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current financial year or prior years.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

	Group	
	FY2018	FY2017
Profit attributable to owners of the Company(\$\$'000)	3,069	5,172
Weighted average number of ordinary shares	256,839,481	202,256,124
Earnings per share (basic and diluted) (cents)	1.19	2.56

The basic and diluted earnings per share are the same as there were no potentially dilutive ordinary shares in issue as at 31 March 2018 and 31 March 2017.

The weighted average number of ordinary shares used for the calculation of earnings per share for the financial year ended 31 March 2018 is based on (i) pre-invitation number of shares of 202,256,124, (ii) 14,401,689 new shares relating to the conversion of convertible loan, and (iii) 52,000,000 new shares issued during the year as part of the listing of the Company.

For comparative and illustrative purposes, the earnings per ordinary share for the financial year ended 31 March 2017 was computed based on the number of ordinary shares issued after share split of 202,256,124 which was completed on 9 May 2017.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	As at 31 Mar 2018	As at 31 Mar 2017	As at 31 Mar 2018	As at 31 Mar 2017
Net Asset Value per share (cents)	9.26	4.21	8.40	100.00
Net Asset Value (S\$'000)	24,866	8,510	22,580	*
Number of ordinary shares used	268,657,813	202,256,124	268,657,813	*

* As at 31 March 2017, the Company has four (4) shares of S\$1 each.

For comparative and illustrative purposes, the net assets value per ordinary share for the financial year ended 31 March 2017 was computed based on the number of ordinary shares issued after a share split of 202,256,124 which was completed on 9 May 2017.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF GROUP'S PERFORMANCE

The Group registered revenue of S\$75.6 million for FY2018, an increase of S\$11.3 million or 17.6% over the S\$64.3 million recorded for FY2017. The increase in the Group's turnover was mainly attributed to the increase in contribution from its Engineering, Procurement and Construction segment of S\$12.3 million or 28.1%, which was partially offset by a decrease in revenue from the Operations and Maintenance segment of S\$1.0 million or 5.0%.

Cost of contract works increased by S\$10.8 million or 20.1% from S\$53.9 million in FY2017 to S\$64.7 million in FY2018 due to increase in (a) material costs of S\$8.7 million, (b) sub-contracting costs of S\$0.7 million, (c) overhead costs of S\$0.8 million, that is in tandem with the increase in revenue, as well as (d) direct labour costs of S\$0.6 million which is mainly due to an increase in the number of project managers and engineers.

Gross profit increased by S\$0.5 million or 4.5% from S\$10.4 million in FY2017 to S\$10.9 million in FY 2018 due to an increase in gross profit of S\$3.1 million from the Engineering, Procurement and Construction segment, offset by a decrease in gross profit of S\$2.6 million from the Operations and Maintenance segment.

Gross profit margin decreased by 1.8 percentage points from 16.2% in FY2017 to 14.4% in FY 2018 mainly due to a decrease in contribution from the Operations and Maintenance segment which yield a higher gross profit margin than the Engineering, Procurement and Construction segment.

Other income increased by S\$0.2 million or 95.7% from S\$0.2 million in FY2017 to S\$0.3 million in FY2018 due to increase in government grants received, rental income from the lease of our property at Tuas and interest income from fixed deposits.

Administrative expenses increased by 52.6% from S\$3.4 million in FY2017 to S\$5.2 million in FY2018, mainly due to increase in employees' remuneration of S\$1.2 million as a result of an increase in headcount and salaries. The Group also incurred additional professional fee expenses of S\$0.4 million as a result of the Company's listing on Catalist.

Other operating expenses increased from S\$0.6 million in FY2017 to S\$1.9 million in FY2018, mainly due to the recognition of one-off IPO expenses of S\$1.2 million pursuant to the initial public offering of the Company on 8 June 2017. Depreciation of property, plant and equipment increased by 17.1% due to increase in capital expenditures in FY2018.

Profit before tax for the Group decreased by 38.7% from S\$6.3 million in FY2017 to S\$3.8 million in FY2018. Excluding the one-off IPO expenses of S\$1.2 million, profit before tax for the Group would have been S\$5.1 million, representing a decrease of 19.1%.

REVIEW OF GROUP'S FINANCIAL POSITION

Current assets increased by 59.0% from S\$24.2 million as at 31 March 2017 to S\$38.5 million as at 31 March 2018, mainly due to increases in trade and other receivables and contract work-in-progress in excess of billings, partially offset by a decrease in cash and cash equivalents and disposal of available-for-sale investments.

Cash and cash equivalents decreased by S\$2.1 million from S\$11.5 million as at 31 March 2017 to S\$9.4 million as at 31 March 2018 mainly due to the (i) increase in contract work-in-progress in excess of billings and (ii) acquisition of the leasehold property at 28 Kian Teck Drive, that was announced on 21 July 2017.

Trade and other receivables increased by 135.3% from S\$6.7 million as at 31 March 2017 to S\$15.7 million as at 31 March 2018 mainly due to significant billings made in the month of March 2018.

Contract work-in-progress in excess of billings increased by 131.9% from S\$5.8 million as at 31 March 2017 to S\$13.5 million as at 31 March 2018 due to significant work done for execution of various on-going projects.

Non-current assets increased by 82.0% from S\$5.9 million as at 31 March 2017 to S\$10.8 million as at 31 March 2018 mainly due to capital expenditure for the Group's new leasehold property at 28 Kian Teck Drive in July 2017.

Current liabilities increased by 16.9% from S\$18.5 million as at 31 March 2017 to S\$21.6 million as at 31 March 2018. This was mainly due to an increase in trade and other payables of S\$7.3 million as a result of an increase in material costs which is in tandem with the increase in cost of contract works, which is offset by (a) repayment of borrowings of S\$0.6 million, (b) conversion of convertible loan of S\$2.0 million by way of issuance of new shares, (c) decrease in billings in excess of contract work-in-progress of S\$0.3 million and (d) decrease in income tax payable of S\$1.3 million.

Non-current liabilities decreased by 11.4% from S\$3.2 million as at 31 March 2017 to S\$2.8 million as at 31 March 2018 with lower borrowings and finance leases.

REVIEW OF GROUP'S CASH FLOWS

Net cash used in operating activities amounted to S\$7.0 million due to operating cash flow before movements in working capital of S\$4.8 million, adjusted for net cash outflow from working capital changes of S\$9.7 million and income tax paid of S\$2.0 million.

Net cash outflow from working capital of S\$9.7 million was a result of increases in (a) trade and other receivables of S\$9.0 million, (b) contract work-in-progress in excess of billings of S\$7.7 million and (c) decrease in billings in excess of contract work-in-progress of S\$0.3 million, offset by an increase in trade and other payables of S\$7.3 million.

Net cash used in investing activities amounted to S\$5.1 million mainly due to the acquisition of property, plant and equipment.

Net cash from financing activities amounted to S\$9.9 million mainly due to proceeds from issuance of new shares pursuant to IPO, net of IPO expenses capitalised of S\$11.0 million, offset by repayment of borrowings and finance leases of S\$0.9 million and interest paid of S\$0.2 million.

As a result, net cash and cash equivalents decreased by S\$2.1 million in FY2018.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement was previously made to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

There will be a continued focus on creating a sustainable water supply in Singapore. The Group will continue to capitalise on its established track record in undertaking water and waste management projects in Singapore, to grow its business.

The public sector water and waste management industry, which currently forms the core of the Group's business, will likely remain stable, underpinned by ongoing and upcoming projects. Projects such as the NEWater, desalinated water and Deep Tunnel Sewerage System (DTSS) are large scale projects which offer potential business opportunities for the Group. The Group will rigorously monitor its operations to ensure that its service quality and competitive edge in public sector projects is maintained and continuously enhanced.

At the same time, the Group has invested in a business development department to implement its business strategy. This strategy will take into account potential opportunities that will arise as demand for water management solutions by industrial players in Singapore grow. Managing industrial water use will become a priority for many water-intensive businesses operating in Singapore such as petrochemicals, electronics and pharmaceuticals.

The Group will also continue to undertake careful and comprehensive evaluation of areas for potential future growth in the ASEAN region.

11. Dividend:

(a) Any dividend declared for the current financial period reported on?

Name of Dividend	Final
Dividend Type	Exempt (1-tier) dividend
Dividend Rate	0.25 Singapore cent per ordinary share
Tax Rate	Nil

The full year dividend payout for FY2018 would constitute 21.9% of net profit after tax attributable to owners of the Company in FY 2018.

(b) Corresponding period of the immediately preceding financial year?

Nil.

(c) Date payable

To be advised at a later date.

(d) Book closure date

To be advised at a later date.

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for interested person transactions (“IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a shareholders’ mandate for interested person transactions. There were no interested person transactions of S\$100,000 or more for the year under review.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company has procured signed undertakings from all its directors and executive officers as set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

15. Updates on use of IPO proceeds

	Amount allocated	Amount utilised	Balance of net proceeds as at the date of this announcement
	S\$ million	S\$ million	S\$ million
Working capital to expand business operations through securing more projects and projects of a larger scale	5.74	-	5.74
Expansion of business premises	2.92	2.92	-
Investment in a business development department	1.06	0.30	0.76
Net proceeds from IPO	9.72	3.22	6.50

The Company has previously announced on 21 July 2017 that it has utilised the IPO net proceeds of S\$2.92 million for the purchase of the Group’s new leasehold property at 28 Kian Teck Drive. This is in line with the intended use of proceeds set out in the offer document dated 30 May 2017.

PART II INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

For management purposes, the Group is organised into two main business segments:

- (1) Engineering, Procurement and Construction ("EPC")
- (2) Operations and Maintenance ("O&M")

The EPC segment provides engineering, procurement and construction services within the field of water and waste management.

The O&M segment provides corrective and preventive maintenance services to ensure reliability and minimal disruptions to customers' operations.

Segment revenue and results

	FY 2018	FY 2017	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue - EPC	56,115	43,793	28.1
Revenue - O&M	19,494	20,521	(5.0)
Total revenue	75,609	64,314	17.6
Profit - EPC	7,547	4,448	69.7
Profit - O&M	3,324	5,951	(44.1)
Total profit	10,871	10,399	4.5
Unallocated corporate expenses	(6,309)	(3,451)	82.8
Depreciation	(576)	(492)	17.1
Interest income	93	47	97.9
Finance costs	(239)	(234)	2.1
Profit before tax	3,840	6,269	(38.7)
Taxation	(785)	(1,055)	(25.6)
Profit for the year	3,055	5,214	(41.4)

Geographical segments

The Group's activities are located primarily in Singapore. The geographical locations of the Group's customers and assets are primarily in Singapore. Accordingly, there are no geographical segments presented.

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments

Revenue from EPC business segment increased by S\$12.3 million or 28.1% from S\$43.8 million in FY2017 to S\$56.1 million in FY2018 due to an increase in the execution of work for contracts secured in FY2018 and the recognition of revenue for work done in relation to contracts secured in prior years.

Revenue from O&M business segment decreased by S\$1.0 million or 5.0% from S\$20.5 million in FY2017 to S\$19.5 million in FY2018 due to the decrease in the execution of servicing and overhaul maintenance works in FY2018 in relation to contracts secured in prior years, offset by an increase in the execution of servicing and maintenance contracts secured in FY2018.

18. A breakdown of sales as follows:

(All figures in S\$'000)

	FY2018	Group FY2017	Increase/(Decrease) %
Sales reported for first half year	30,754	33,749	(8.9%)
Operating profit after tax reported for first half year	658⁽¹⁾	2,230	(70.5%)
Sales reported for second half year	44,855	30,565	46.8%
Operating profit after tax reported for second half year	2,397	2,984	(19.7%)

Note (1): Excluding the one-off IPO expenses of S\$1.2 million, operating profit after tax reported for the first half year would have been S\$1,889,000.

19. A breakdown of the total annual dividend (in dollar value) for issuer's latest full year and its latest full year as follows:

Total Annual Dividend

(All figures in S\$'000)

	FY2018	FY2017
Ordinary	672	8,000 ⁽¹⁾
Preference	-	-
Total	672	8,000

Note (1): Amount was paid to previous shareholders of subsidiary in FY 2017 before IPO.

20. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties and the year the position was first held	Details of changes in duties and position held, if any, during the year
Shoo Sook Fun	47	Spouse of Mr. Pek Kian Boon	General Manager- Corporate Services since January 2016	No change

On behalf of the Board of Directors

Sim Hock Heng
Chief Executive Officer
23 May 2018