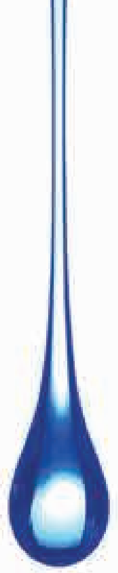
SANLI ENVIRONMENTAL LIMITED

TOTAL SOLUTIONS FOR CLEANER WATER

ANNUAL REPORT 2017



CONTENTS

This annual report has been prepared by 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 annual report. This annual report has not been examined or approved by 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. Ong Hwee Li (Telephone number: +65 6532 3829), at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542. SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.

CORPORATE **PROFILE**

We are 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.

Our expertise is in the design, supply, delivery, installation, commissioning, maintenance, repair and overhaul of mechanical and electrical ("M&E") equipment as well as instrumentation and control systems in wastewater treatment plants, water reclamation plants, NEWater plants, waterworks, service reservoirs, pumping stations and incineration plants.

Our business is divided into two main business segments:

- Engineering, Procurement and Construction
- Operations and Maintenance

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 M&E equipment, and design and build of various treatment process systems.
- Contracts are usually between one to three years in duration.
  - **WATER MANAGEMENT**
    Engineering solutions and services for the treatment of raw water and used water.
  - **WASTE MANAGEMENT**
    Engineering solutions and services for the treatment of refuse in incineration plants.

OPERATIONS AND MAINTENANCE

- We provide corrective and preventive maintenance services to ensure reliability and minimal disruptions to customers' operations.
- Contracts are usually between two to three years in duration.

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.

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**

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

UNITY
We strive together as one family to achieve success.

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.

CEO'S MESSAGE

> By virtue of Singapore's reputation as a "Global Hydrohub", the industry presents numerous opportunities for companies in the sector.

Dear Shareholders,

On behalf of our Board of Directors, we are pleased to present the maiden annual report of Sanli Environmental Limited ("Sanli" or the "Company", and together with its subsidiaries, the "Group") for the financial year ended 31 March 2017 ("FY2017") since our successful initial public offering ("IPO") and listing on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 8 June 2017.

We are extremely heartened by the overwhelming support we have received for our IPO from top tier institutional investors, sophisticated individual investors and the investing public in general. With your support, our offering of 52 million new shares was 12.8 times subscribed.

We would like to take this opportunity to thank all our new shareholders, with special mention of Mr. Jeremy Lee Sheng Poh and our substantial shareholders Vanda 1 Investments Pte. Ltd., managed by Heliconia Capital Management Pte. Ltd. and ICH Gemini Asia Growth Fund Pte. Ltd., for your vote of confidence in Sanli's investment story.

RIGHT FORMULA FOR SUCCESS

Water remains at the heart of Sanli's business. The water industry in Singapore is a key growth industry for the water-scarce nation state. By virtue of Singapore's reputation as a "Global Hydrohub", the industry presents numerous opportunities for companies in the sector. We believe Sanli is well-placed to capture these opportunities with the right formula of being in the Right Country, Right Industry and having the Right Leadership and Right People. These factors have all played a part in our Group's success in establishing a firm foothold in Singapore's water story. To date, Sanli has completed more than 1,000 projects with a solid track record of repeatedly winning public sector tenders.

Sanli's operations have grown steadily for the past 11 years. FY2017 was yet another positive year for the Group. In the period under review, our project pipeline has grown all the way up to 2020 with a series of significant contract wins from both the public and private sectors. Most notably, we secured our largest contract to date in FY2017 through a joint venture agreement with Chye Joo Construction Pte Ltd to undertake a major contract worth S$114.8 million from the Public Utilities Board for the process upgrading at Choa Chu Kang Waterworks. Sanli holds a 45.07% stake in the joint operation.

As at 1 May 2017, Sanli's order book stood at approximately S$105.8 million.

FINANCIAL REVIEW

For FY2017, Sanli recorded another year-on-year growth in revenue from S$57.3 million in the previous corresponding period ("FY2016") to S$64.3 million, up 12.3%. This is mainly driven by an increase in contribution from our Engineering,

Procurement and Construction business segment, which achieved revenue of S$43.8 million in FY2017 that accounted for 68.1% of the Group's total revenue, up from 55.8% in FY2016.

For FY2017, the Group reported a net profit attributable to owners of the Company of S$5.2 million, compared to S$5.9 million in FY2016, mainly due to an increase in the cost of contract works.

OUTLOOK AND FUTURE PLANS

The Singapore Government has announced various infrastructure plans and initiatives to develop Singapore's future water infrastructure to meet the nation's growing water demand.

By 2060, Singapore's water use is expected to more than double from about 430 million gallons a day currently(1). To help meet the nation's long-term water needs, the Singapore Government had in 2000 implemented the Deep Tunnel Sewerage System ("DTSS") – a super highway for used water management. The second phase of the DTSS is targeted for completion by 2025 and is estimated to cost S$6.5 billion, which will likely translate into a series of project tenders over the next few years.

Meanwhile on the private sector front, the Singapore Government continues to encourage industrial players to make their facilities and manufacturing processes more water efficient. As such, the management of industrial water use will increasingly become a priority for many water-intensive businesses operating in Singapore, particularly the petrochemicals, electronics and pharmaceuticals sectors.

In view of the upcoming opportunities in the public and private sectors, Sanli intends to grow our market share by capitalising on our established track record to secure more projects and projects of a larger scale, by actively participating in upcoming tenders.

We are also looking to invest in a business development department to explore opportunities to expand Sanli's business in the ASEAN region, particularly in countries such as Malaysia, Myanmar, Vietnam and Indonesia, where there may be demand for industry professionals to invest, build and operate privately-owned water treatment facilities to mitigate the challenges of having limited access to fresh water supply, brought about by rapid industrialisation and urbanisation.

A NOTE OF APPRECIATION

In closing, we would like to thank the professional working team as well as Sanli's management team and staff for all their hard work in making our IPO a huge success.

We certainly look forward to embarking on the next chapter of our growth story with all of you.

SIM HOCK HENG
Chief Executive Officer

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(1) *Information was extracted from the internet publication entitled "Our Water, Our Future" of PUB at https://www.pub.gov.sg/Documents/PUBOurWaterOurFuture.pdf.*

OPERATIONS & FINANCIAL REVIEW

BUSINESS OVERVIEW

The operating landscape in Singapore's dynamic water industry remains favourable for Sanli's operations as the active steps taken by the Singapore Government in helping to nurture the development of the industry continue to pave the way to new business opportunities for the financial year ended 31 March 2017 ("FY2017").

In the year under review, the Group recorded revenue of S$64.3 million, up 12.3% from S$57.3 million for the financial year ended 31 March 2016 ("FY2016") due to an increase in contribution from the Group's ongoing and completed projects in its Engineering, Procurement and Construction ("EPC") business segment.

ENGINEERING, PROCUREMENT AND CONSTRUCTION

Sanli's EPC business segment undertakes large-scale water and waste management projects by providing turn-key engineering solutions to its customers in a cost-efficient and timely manner.

EPC contracts typically span one to three years. In FY2017, the EPC business segment recorded revenue of S$43.8 million, up 37.0% from S$32.0 million in FY2016. This was mainly due to an increase in the recognition of revenue for work done in relation to contracts secured in prior years. The growing EPC business segment accounted for approximately 68.1% of the Group's total revenue in FY2017, compared to approximately 55.8% in the previous financial year.

Through the years, Sanli has successfully established a reputable name for itself in the industry by delivering consistently high-quality EPC solutions across a diverse range of projects. Some of the key projects and their respective revenue contributions for FY2017 are denoted below:

- Replacement of aged equipment at Choa Chu Kang Waterworks to ensure its continued availability and reliability with minimal disruption to the plant's existing operations (S$8.9 million);

- A series of civil, mechanical and electrical works at Lower Seletar Waterworks, which includes the refurbishment of the pumping station and installation of acoustic enclosure for sound containment at the scenic reservoir (S$5.0 million);

- Supply, delivery, installation, commissioning of a state-of-the-art Ozone plant with enhanced disinfecting technology to replace the existing plant at Bedok Waterworks (S$3.7 million);

- Supply, delivery, installation and commissioning of industrial standard membrane trains with a net capacity of 18.2 million litres per day (Ml/d) each at Chestnut Avenue Waterworks, one of the largest drinking water plants in the country, to increase the plant's existing treatment capacity (S$3.4 million);

- Enhancement of leachate control measures for Lorong Halus Landfill and embankment works in the vicinity of Serangoon Reservoir as an added measure to safeguard the quality of the water in the reservoir (S$1.3 million); and

- Renewal of equipment and upgrading of various used water pumping stations including Choa Chu Kang and Tanah Merah pumping station (S$1.1 million).

OPERATIONS AND MAINTENANCE

Sanli's Operations and Maintenance ("O&M") business segment provides corrective maintenance work for its customers 24 hours a day and seven days a week, as well as preventive maintenance work that includes scheduled servicing of customers' equipment to ensure that it is in good operating condition and able to meet annual inspections of specialised facilities by the relevant authorities.

While the new entrants of smaller O&M players have resulted in an increasingly crowded marketplace, Sanli is able to continue competing effectively for new job opportunities with its strong in-house engineering capabilities and executional track record.

O&M contracts typically span two to three years. Revenue from the O&M business segment decreased by 18.9% from S$25.3 million in FY2016 to S$20.5 million in FY2017 due to lower contract values secured in FY2017. The O&M segment accounted for approximately 31.9% of Sanli's total revenue in FY2017, compared to 44.2% in FY2016.

Some of the key O&M projects and their respective revenue contributions for FY2017 are indicated below:

- Supplying an experienced team of skilled workers to provide comprehensive day-to-day servicing and maintenance of screening, sludge, grit and related equipment at various water reclamation plants, including Changi Water Reclamation Plant and Ulu Pandan Water Reclamation Plant, for a period of three years (S$10.0 million); and

- Supplying all necessary labour, equipment, tools, transport and materials for the replacement of the existing 5,120 ultrafiltration membrane modules at Chestnut Avenue Waterworks (S$5.6 million).

OPERATIONS & FINANCIAL REVIEW

COST OF CONTRACT WORKS AND PROFITABILITY

Cost of contract works increased by 17.2% from S$46.0 million in FY2016 to S$53.9 million in FY2017, mainly due to an increase in material costs of 18.9% which is in tandem with the increase in revenue, and an increase in direct labour costs of 14.0%, due to an increase in the number of project managers and engineers and average salaries of our project personnel.

As a result, the Group recorded a marginal decline of S$0.8 million in gross profit during the year under review to S$10.4 million, from S$11.2 million in FY2016. Correspondingly, profit for the year attributable to owners of the Company was lower at S$5.2 million in FY2017 compared to S$5.9 million in FY2016.

FINANCIAL POSITION

Current assets increased by 10.8% from S$21.9 million in FY2016 to S$24.2 million in FY2017, representing 80.4% of our total assets. As at 31 March 2017, the Group's balance sheet remains robust with a net cash position of S$11.5 million, up 73.4% from S$6.6 million in the previous financial year.

Non-current assets decreased slightly from S$6.3 million in FY2016 to S$5.9 million in FY2017 by 5.7% due to depreciation of the Group's property, plant and equipment and a re-classification of certain available-for-sale investment to current assets.

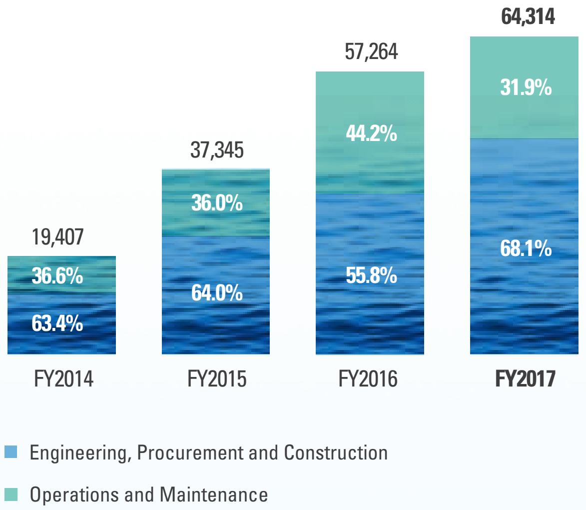
Current liabilities rose by 45.2% from S$12.7 million in FY2016 to S$18.5 million in FY2017, mainly due to an increase in trade and other payables to S$12.6 million and the drawdown of a convertible loan of S$2.0 million which was subsequently converted into 14,401,689 shares in the issued share capital of the Company on 25 May 2017.

Meanwhile, the Group's total non-current liabilities fell by 22.9% from S$4.1 million in FY2016 to S$3.2 million in FY2017.

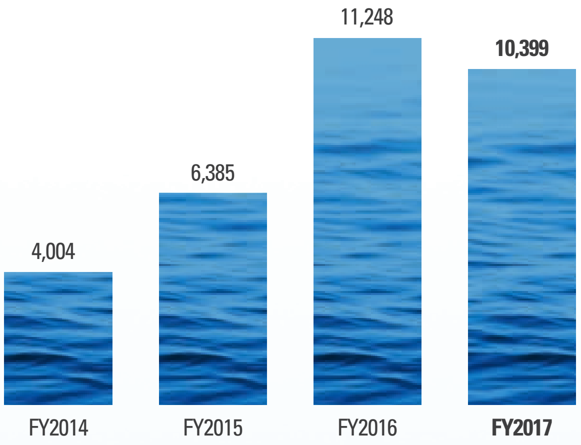
On 14 February 2017, Sanli exercised an option to purchase a corner terrace factory at 28 Kian Teck Drive for S$4.0 million. The new business premise will occupy a land area of 2,266.7 square metres, which will provide the Group with larger premises for its business expansion as it seeks to take on more projects and projects of a larger scale. As at the date of this annual report, the Group has received approval from Jurong Town Corporation and the construction of the new business premise is expected to be completed by March 2018.

FINANCIAL HIGHLIGHTS

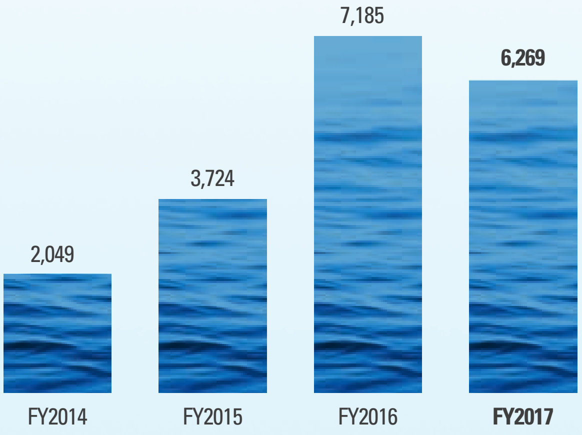
REVENUE (S$'000)



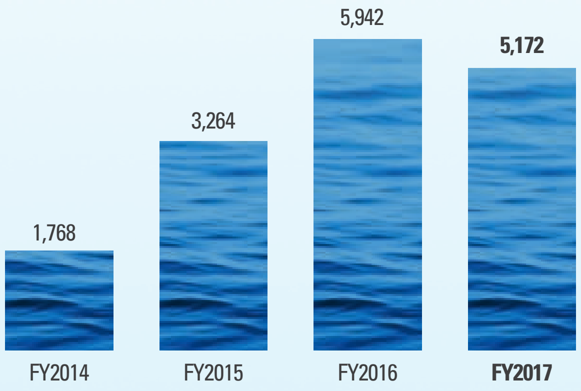
GROSS PROFIT (S$'000)



PROFIT BEFORE TAX (S$'000)



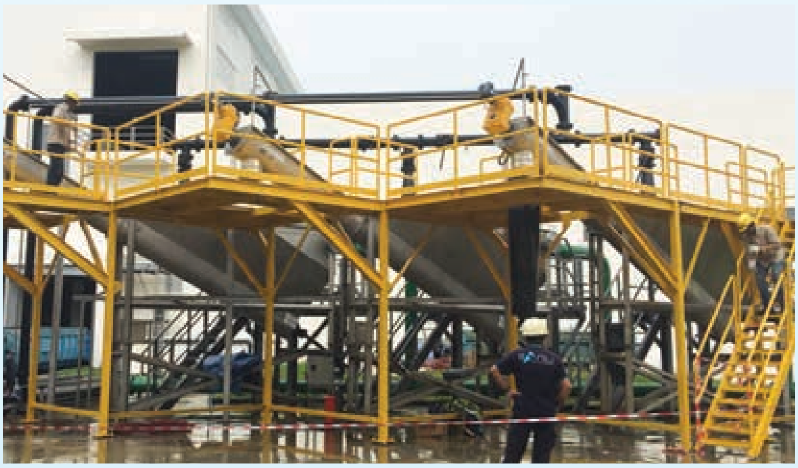
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (S$'000)



KEY PROJECTS

Servicing and Maintenance of Screening Sludge, Grit and Related Equipment at *Changi Water Reclamation Plant.*

Construction of Drains and Supply of Pumps at *Lorong Halus*.



Grit removal System at *Ulu Pandan Water Reclamation Plant.*

Civil, Mechanical and Electrical Works at *Lower Seletar Waterworks.*

Construction of Ceramic Ultrafiltration Membrane System at *Chestnut Avenue Waterworks.*

Pumpsets replacement at *Choa Chu Kang Waterworks*.

Ultrafiltration Membrane Replacement at *Chestnut Avenue Waterworks*.

Renewal of Equipment and Upgrading of Water Pumping Installations at *Choa Chu Kang Pumping Station*.

Ozone Generator System Replacement at *Bedok Waterworks*.

Vibration Conveyor System Replacement at *Tuas South Incineration Plant*.

BOARD OF DIRECTORS

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 currently the head of strategy and business development of DC Frontiers Pte. Ltd. where he is responsible for its corporate strategy, product and business development, and sales and marketing functions. He is also an executive director of NLC Advisory Pte. Ltd. (formerly known as Credence Corporate Advisors 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 Andersen, 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.

SIM HOCK HENG

Chief Executive Officer

Mr Sim Hock Heng is our Chief Executive Officer and was appointed to our Board on 27 February 2017. Mr Sim co-founded our Group with our Executive Directors, Mr Kew Boon Kee and Mr Pek Kian Boon. Mr Sim oversees the overall business operation and general management of our Group. He 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 on-going 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.

PEK KIAN BOON

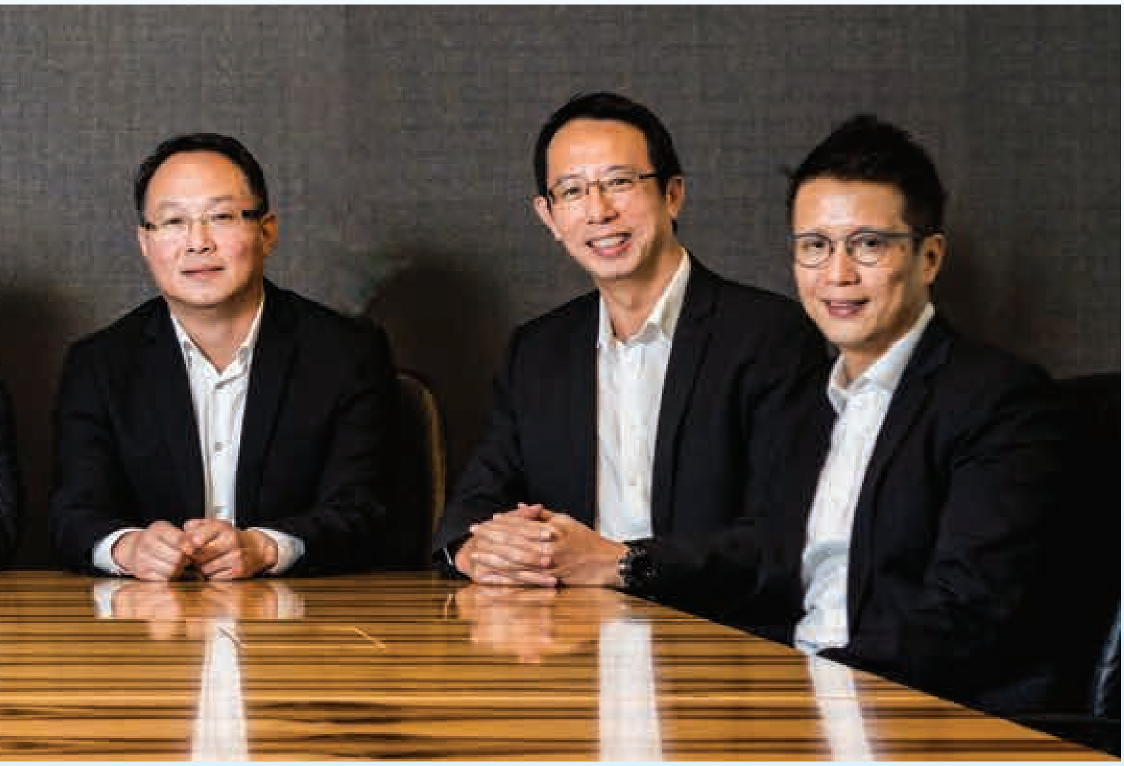
Executive Director

Mr Pek Kian Boon is our Executive Director and was appointed to our Board on 27 February 2017. Together with Mr Sim Hock Heng, our Chief Executive Officer, and Mr Kew Boon Kee, our Executive Director, Mr Pek co-founded our Group. Mr Pek heads our tender team, for both Engineering, Procurement and Construction, and Operations and Maintenance business segments and spearheads our business development activities. He has more than 20 years of experience in project management. Prior to co-founding our Group, Mr Pek was a project manager in Dayen where he was in charge of internal audits for ISO system and project management in the field of water and waste management between September 1998 and March 2006. Mr Pek graduated with a Diploma in Mechanical Engineering from Ngee Ann Polytechnic in August 1991.

KEW BOON KEE

Executive Director

Mr Kew Boon Kee is our Executive Director and was appointed to our Board on 27 February 2017. Together with Mr Sim Hock Heng, our Chief Executive Officer, and Mr Pek Kian Boon, our Executive Director, Mr Kew co-founded our Group. Mr Kew is in charge of our Engineering, Procurement and Construction business segment, Operations and Maintenance business segment as well as our workplace, health and safety function. Mr Kew joined Dayen 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 on-going 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 University of Sunderland in June 1996.



From left to right:

ELAINE BEH PUR-LIN
PEK KIAN BOON
SIM HOCK HENG
NG LIP CHI, LAWRENCE
KEW BOON KEE
LEE TIEN CHIAT
CHAN HOCK LEONG

BOARD OF DIRECTORS

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 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.

ELAINE BEH PUR-LIN
Independent Director

Ms Elaine Beh Pur-Lin is our Independent Director and was appointed to our Board on 11 May 2017. Ms Beh is currently a partner of Virtus Law LLP, a law firm in Singapore and her principal areas of practice are in capital markets and mergers and acquisitions. Ms Beh graduated with a Bachelor of Laws degree (Honours) from the National University of Singapore in 1989. She is an advocate and solicitor of the Supreme Court of Singapore. Ms Beh is a member of the Singapore Institute of Directors, The Law Society of Singapore and the Singapore Academy of Law.

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 a senior partner and head of audit and assurance of Mazars LLP Singapore. Prior to joining Mazars LLP Singapore in November 2011, Mr Chan was an audit partner at BDO Singapore between November 2007 and October 2011 where he managed audit assignments, financial due diligence engagements and listing projects. He also set up and headed the technical training team in BDO Singapore. Mr Chan graduated with a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College in July 1993. Mr Chan is a member of the Institute of Singapore Chartered Accountants (ISCA) and a fellow of the Association of Chartered Certified Accountants (ACCA). He is a senior quality assurance advisor on the Senior Quality Assurance Advisor Panel for ISCA Quality Assurance Review Programme and a member of the Membership Committee of ISCA. He is also a member of the Complaints and Disciplinary Panel of Accounting and Corporate Regulatory Authority of Singapore and a member of the ACCA Singapore Network Panel.

SENIOR MANAGEMENT

TOH CHIEW KHIM

Chief Financial Officer

Ms Toh Chiew Khim joined our Group on 1 September 2016 and is our Chief Financial Officer. She oversees the full spectrum of the Group's strategic financial planning and analysis, accounting, taxation, corporate finance and treasury matters, ensuring compliance with financial regulations and reporting standards. Before joining our Group, Ms Toh served for 13 years in Tiong Woon Corporation Holding Ltd ("TWC"), a leading integrated heavy lift specialist and service provider listed on the Mainboard of the SGX-ST. She was appointed as Group Financial Controller of TWC in 2003, and was promoted to Chief Financial Officer in 2008. Prior to that, she was the Group Financial Controller of Cityneon International Pte Ltd (now known as CN Event & Exhibition International Pte. Ltd.) from 1998 to 2003. Ms Toh had also previously worked in Informatics Holdings Ltd for 11 years where she held various key accounting appointments. Ms Toh graduated with a Diploma in Business Studies from Ngee Ann Polytechnic in August 1985. She is a Fellow of the Institute of Singapore Chartered Accountants (ISCA).

SHOO SOOK FUN

General Manager
(Corporate Services)

Ms Shoo Sook Fun joined our Group on 1 July 2008 as an Administration Manager, where she was in charge of the Group's administration and finance functions. Currently, she oversees the Group's administrative operations and human resource matters including managing of office and manpower budgets, maintenance schedules for assets and supplies and ensuring compliances with relevant industry standards. Ms Shoo graduated with a Diploma in Accountancy from Ngee Ann Polytechnic in August 1990 and subsequently obtained a Master of Business Administration degree from University of Southern Queensland in September 2007.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ng Lip Chi, Lawrence
(Non-Executive Chairman and Independent Director)
Sim Hock Heng
(Chief Executive Officer)
Pek Kian Boon
(Executive Director)
Kew Boon Kee
(Executive Director)
Lee Tien Chiat
(Executive Director)
Chan Hock Leong
(Independent Director)
Elaine Beh Pur-Lin
(Independent Director)

AUDIT COMMITTEE

Chan Hock Leong
(Chairman)
Ng Lip Chi, Lawrence
Elaine Beh Pur-Lin

NOMINATING COMMITTEE

Elaine Beh Pur-Lin
(Chairman)
Ng Lip Chi, Lawrence
Chan Hock Leong
Sim Hock Heng

REMUNERATION COMMITTEE

Ng Lip Chi, Lawrence
(Chairman)
Elaine Beh Pur-Lin
Chan Hock Leong

COMPANY SECRETARY

Goh Siew Geok ACS, ACIS
Chong Wai Ching ACS, ACIS

REGISTERED OFFICE

15 Kian Teck Drive
Singapore 628832
Tel: +65 6578 9269
Fax: +65 6261 8225
Website: www.sanli.com.sg

SHARE REGISTRAR

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50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS

Deloitte & Touche LLP
6 Shenton Way #33-00
OUE Downtown 2
Singapore 068809

Partner-in-charge: Michael Ng Wee Kiat
(Appointed since financial year ended 31 March 2017)

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

Malayan Banking Berhad
200 Jalan Sultan #01-02
Textile Centre
Singapore 199018

Standard Chartered Bank (Singapore) Limited
8 Marina Boulevard #27-01
Marina Bay Financial Centre
Singapore 018981

SPONSOR

SAC Capital Private Limited
1 Robinson Road
#21-02 AIA Tower
Singapore 048542

FINANCIAL
CONTENTS

CORPORATE
GOVERNANCE REPORT

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST") LISTING MANUAL SECTION B: RULES OF CATALIST ("CATALIST RULES")

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 2012 (the "Code") 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.

This report outlines the Company's corporate governance practices pursuant to the listing of the Company on the Catalist Board of the SGX-ST on 8 June 2017 up till the date of this Annual Report with specific reference to principles of the Code and the disclosure guide as published by the SGX-ST in January 2015 (the "Guide").

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices as at the date of this Annual Report.

CORPORATE
GOVERNANCE REPORT

BOARD MATTERS

The Board's Conduct of Affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

1.1 What is the role of the Board?

As at the date of this Annual Report, the Board has seven (7) Directors and comprises the following:

Table 1.1 – Composition of the Board

Name of Director	Designation	Date appointed
Ng Lip Chi, Lawrence	Non-Executive Chairman and Independent Director	11 May 2017
Sim Hock Heng	Chief Executive Officer	27 February 2017
Pek Kian Boon	Executive Director	27 February 2017
Kew Boon Kee	Executive Director	27 February 2017
Lee Tien Chiat	Executive Director	27 February 2017
Elaine Beh Pur-Lin	Independent Director	11 May 2017
Chan Hock Leong	Independent Director	11 May 2017

The Board is entrusted to lead and oversee the Group, with the fundamental principle to act in the best interests of the Group. In addition to its statutory duties, the Board's principle functions include:

(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 Group to meet its objectives;

CORPORATE
GOVERNANCE REPORT

		(b) To establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets; (c) To review Management performance and advise on the Group's policies and procedures; (d) To conduct periodic reviews of the Group's internal controls, financial performance, compliance practices and resources allocation; (e) To review and approve financial plans and financial results, annual budgets, proposals for acquisitions, investments and disposals, material borrowings, fund raising exercises and announcements; (f) To set the Group's values and standards, including ethical standards, and ensure that obligations to shareholders and other stakeholders are understood and met; (g) To consider sustainability issues, such as environmental and social factors, as part of its strategic formulation; (h) To review performance and succession planning of the Key Management Personnel; and (i) To monitor and ensure the Group's compliance with good corporate governance practices.
1.2	Do all directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company?	Each Director is expected, during the course of carrying out his/her duties, to exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to make decisions objectively at all times, as fiduciaries, in the best interest of the Group.

CORPORATE
GOVERNANCE REPORT

<table>
<tr>
<td>1.3</td>
<td>Has the Board delegated certain responsibilities to committees? If yes, please provide details.</td>
<td>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 roles and functions of each committee are described in subsequent sections in this report. The compositions of the Board Committees are as follows:
<table>
<tr><th colspan="4">Table 1.3 – Composition of the Board Committees</th></tr>
<tr><th></th><th>AC</th><th>NC</th><th>RC</th></tr>
<tr><td>Chairman</td><td>Chan Hock Leong</td><td>Elaine Beh Pur-Lin</td><td>Ng Lip Chi, Lawrence</td></tr>
<tr><td>Member</td><td>Ng Lip Chi, Lawrence</td><td>Ng Lip Chi, Lawrence</td><td>Chan Hock Leong</td></tr>
<tr><td>Member</td><td>Elaine Beh Pur-Lin</td><td>Chan Hock Leong</td><td>Elaine Beh Pur-Lin</td></tr>
<tr><td>Member</td><td>–</td><td>Sim Hock Heng</td><td>–</td></tr>
</table>
</td>
</tr>
<tr>
<td>1.4</td>
<td>Have the Board and Board Committees met in the last financial year?</td>
<td>The schedule of all Board and Board committees meetings and the Annual General Meeting ("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. Tele-conferencing at meetings is permitted under the Company's Constitution. In addition to holding meetings, important matters regarding the Group are also put to the Board for decision making by way of written resolutions.

As the Company was listed on the Catalist of the SGX-ST on 8 June 2017, there were no Board and/or Board Committee meetings held during the financial year ended 31 March 2017 ("FY2017"). Nonetheless, the Board attended various verification and due diligence meetings, together with other professional advisors involved in the initial public offering ("IPO") of shares in the share capital of the Company (where applicable), for the purpose of verifying the information contained in the Company's Offer Document dated 30 May 2017 ("Offer Document").

Subsequently, the first Board and Board Committee meetings were held on 20 June 2017, post-FY2017.</td>
</tr>
</table>

CORPORATE
GOVERNANCE REPORT

1.5	What are the types of material transactions which require approval from the Board?	The Board has adopted a set of guidelines on matters that require its approval which include, amongst others, the following: ▪ material acquisitions or disposals of assets, major funding proposals and investments; ▪ corporate strategies and business plans; ▪ share issuance, recommending dividend payments and other returns to shareholders; ▪ annual budgets, financial results announcements, annual report 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; and ▪ material interested person transactions, matters involving a conflict of interest for a substantial shareholder or a Director and assuming responsibility for corporate governance practices. 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.
1.6	(a) Are new Directors given formal training? If not, please explain why.	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-sensitive information. For new Directors who do not have prior experience as a director of a public listed company in Singapore, they will attend training courses organised by the Singapore Institute of Directors ("SID") and/or other training institutions in areas such as accounting, legal and industry-specific knowledge, where appropriate, to familiarise themselves with the roles and responsibilities of a director of a company listed on the SGX-ST. To obtain a better understanding of the Group's business, the Directors will have the opportunity to visit the Group's operational offices and facilities and meet with Key Management Personnel(s).

CORPORATE
GOVERNANCE REPORT

	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	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. Prior to the IPO of the Company, Directors who did not have prior experience as directors of public listed companies in Singapore have attended training courses organised by SID to familiarise themselves with the roles and responsibilities of a director of a company listed on the SGX-ST. New Directors have also visited the Group's operational offices and facilities and met with Key Management Personnel to obtain better understanding of the Group's business.
1.7	Upon appointment of each director, the Company provided a formal letter to the director, setting out the director's duties and obligations?	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.
Board Composition and Guidance There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.		
2.1 2.2 3.3	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	The Board comprises seven (7) Directors of whom three (3) are Independent Directors. Accordingly, guideline 2.1 and 2.2 of the Code are met as the Independent Directors make up at least one-third (1/3) of the Board, as the Non-Executive Chairman and the CEO are not the same person. The Company is not required under Guideline 3.3 of the Code to appoint a Lead Independent Director.

CORPORATE
GOVERNANCE REPORT

		Accordingly, 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.
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The NC had reviewed the independence of the Independent Directors post-FY2017 at a meeting held on 20 June 2017. The independence of each Director will be reviewed annually by the NC in accordance with the Code. The Independent Directors, Mr Ng Lip Chi, Lawrence, Mr Chan Hock Leong and Ms Elaine Beh Pur-Lin, have confirmed that they do not have any relationship with the Company, its related corporations, its 10% shareholders or its officers 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. The Board has determined, taking into account the views of the NC, that Mr Ng Lip Chi, Lawrence, Mr Chan Hock Leong and Ms Elaine Beh Pur-Lin 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.
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? if so, please identify the Director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	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/her not to be independent.
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board’s reasons for considering him independent.	At as the date of this Annual Report, none of the Independent Directors have served on the Board beyond nine (9) years since the date of his/her first appointment. Nonetheless, the independence of any Directors who has served on the Board beyond nine (9) years since the date of his/her first appointment will be subject to particularly rigorous review.

CORPORATE
GOVERNANCE REPORT

2.5	Has the Board examine its size and decide on what it considers an appropriate size for the Board, which facilitates effective decision making?	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 effectively serve the Group. It provides sufficient diversity of skills, experience and knowledge of the Group without interfering with efficient decision-making.
2.6	1. What is the Board's policy with regard to diversity in identifying director nominees?	The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.
	2. Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	The Board comprises Directors who as a group, provide an appropriate balance and diversity of skills, experience and knowledge of the Group. 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.
	3. What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	The Board, with the assistance of the NC, has established and adopted an assessment system and evaluation forms to assess annually if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board as a whole; and also the evaluation by Directors at least once a year the skill sets of the other Director possesses, with a view to understanding the range of expertise which is lacking by the Board. The NC will compile the feedbacks 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. As the Company was listed on the Catalist of the SGX-ST on 8 June 2017, the assessment system and evaluation forms in relation to the balance and diversity of the Board will be carried out for FY2018.

CORPORATE
GOVERNANCE REPORT

<table>
<tr><td>2.7</td><td>Non-Executive Directors should:
(a) constructively challenge and help develop proposals on strategy; and
(b) review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.</td><td>The Independent Directors, who are non-executive directors, must be kept well informed of the Group's business and be knowledgeable about the industry the Group operates in. The Non-Executive Directors constructively challenge and help develop proposals on strategy and review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance.
To ensure that the Independent Directors are well supported by accurate, complete and timely information, they have unrestricted access to Management, and have sufficient time and resources to discharge their oversight functions effectively. The Independent Directors can also request for further briefings or information on any aspect of the Group's business or operations from Management.</td></tr>
<tr><td>2.8</td><td>Have the Non-Executive Directors met in the absence of Key Management Personnel in the last financial year?</td><td>The Independent Directors met and discussed with the external and internal auditors post-FY2017 at a meeting held on 20 June 2017, in the absence of Executive Directors and Key Management Personnel.
The Independent Directors had also met and discussed with the external and internal auditors during the IPO process in the absence of 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 Management.</td></tr>
<tr><td colspan="3">Chairman and Chief Executive Officer
There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company’s business. No one individual should represent a considerable concentration of power.</td></tr>
<tr><td>3.1
3.2</td><td>Are the duties between Chairman and CEO segregated?</td><td>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.</td></tr>
</table>

CORPORATE
GOVERNANCE REPORT

		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's meeting agenda in consultation with the CEO and the Company Secretary and ensures the quality, quantity and timeliness of the flow of information and encourages constructive relations 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.
Board Membership There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.		
4.1 4.2 4.3	What are the duties of the NC?	The Board established the NC on 11 May 2017 which consists of three (3) Independent Directors and one (1) Executive Director. Accordingly, majority of the NC, including the NC chairman is independent. The NC will meet at least once a year. Please refer to Table 1.3 on the names of the members and the composition of the NC. The NC is guided by the key Terms Of Reference as follows: ▪ To make recommendations to the Board on the appointment of executive and non-executive directors, including making recommendations on the composition of the Board generally and 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;

CORPORATE GOVERNANCE REPORT

		▪ 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 CEO; ▪ To determine, on an annual basis and as and when circumstances require, if a Director is independent. If the NC considers that a Director, who has one or more of the relationships mentioned under the Code, including a Director who has served the Board beyond nine years from the date of his/her first appointment, can be considered independent, it shall provide its views to the Board for the Board's consideration. The NC may at its discretion consider that a Director is not independent even if he/she has no business or, other relationships with the Company, its related corporations, its 10% shareholders or its officers; ▪ To recommend Directors who are retiring by rotation to be put forward for re-election. All Directors are required to submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years; ▪ To review annually whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly when he/she 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;

CORPORATE
GOVERNANCE REPORT

		▪ 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 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/her own performance or re-nomination as director.
4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	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.
	(b) If a maximum has not been determined, what are the reasons?	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 consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

<table>
<tr><td>4.5</td><td>Are there alternate Directors?</td><td>The Company does not have any alternate director on the Board.</td></tr>
<tr><td>4.6</td><td>Description of the process for the selection, appointment and re-appointment of the directors to the Board</td><td>
<table>
<tr><td colspan="3">(i) Table 4.6 (a) – Process for the Selection and Appointment of New Directors</td></tr>
<tr><td>1.</td><td>Determination of selection criteria</td><td>▪ The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge/gender to complement and strengthen the Board and increase its diversity.</td></tr>
<tr><td>2.</td><td>Search for suitable candidates</td><td>▪ The NC would consider candidates proposed by the Directors, Key Management Personnel or substantial shareholders, and may engage external search consultants where necessary.</td></tr>
<tr><td>3.</td><td>Assessment of shortlisted candidates</td><td>▪ The NC would meet and interview the shortlisted candidates to assess their suitability.</td></tr>
<tr><td>4.</td><td>Appointment of director</td><td>▪ The NC would recommend the selected candidate to the Board for consideration and approval.</td></tr>
</table>
<table>
<tr><td colspan="3">(ii) Table 4.6 (b) – Process for Re-electing Directors</td></tr>
<tr><td>1.</td><td>Assessment of director</td><td>▪ The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and
▪ The NC would also consider the current needs of the Board.</td></tr>
<tr><td>2.</td><td>Re-appointment of director</td><td>▪ Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its consideration and approval.</td></tr>
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CORPORATE
GOVERNANCE REPORT

		Pursuant to Regulation 108 of the Constitution of the Company, at each Annual General Meeting ("AGM") 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. Pursuant to Regulation 109 of the Company's Constitution, the Directors to retire in every year shall be those subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became 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 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.
4.7	Please provide Directors' key Information	The key information of the Directors, including their profiles, academic and professional qualifications are set out on pages 10 to 12 of this Annual Report under section Board of Directors. The shareholdings of the individual Directors of the Company are set out on page 56 of this Annual Report. None of the Directors hold shares in the subsidiaries of the Company.

CORPORATE GOVERNANCE REPORT

The Directors who are retiring at the forthcoming AGM pursuant to the respective Regulations and are to be nominated for re-election, upon the recommendation of the NC, are as follows:

(iii) Table 4.7 – Directors to be Retired Pursuant to the Regulation

Name of Director	Designation	Regulation
Ng Lip Chi, Lawrence	Non-Executive Chairman and Independent Director	118
Sim Hock Heng	Chief Executive Officer	118
Pek Kian Boon	Executive Director	118
Kew Boon Kee	Executive Director	118
Lee Tien Chiat	Executive Director	118
Elaine Beh Pur-Lin	Independent Director	118
Chan Hock Leong	Independent Director	118

Directors who are seeking re-appointment at the forthcoming AGM to be held on 28 July 2017 are stated in the Notice of AGM set out on pages 102 to 107 of this Annual Report. More information on the Directors, including a list of all current directorships in other listed companies and details of other principal commitments, are also set out on page 31 of this Annual Report.

Mr Pek Kian Boon (Executive Director) and Ms Shoo Sook Fun (General Manager – Corporate Services) are husband and wife. Save as aforesaid, none of the Directors seeking re-appointment at the forthcoming AGM has any relationships, including family relationships with another Director or with any Executive Officer, the Company or its 10% shareholders.

CORPORATE
GOVERNANCE REPORT

Details of the appointment of the Company's current directors including date of initial appointment, directorships in other listed companies, both current and for the preceding three years and other principal commitments, are set out below:

Name of Director & Designation	**Age**	**Date of Initial Appointment**	**Date of Last Re-Appointment**	**Present Directorship in other Listed Companies**	**Past Directorship in other Listed Companies in the past three years**	**Other Principal Commitments**
Ng Lip Chi, Lawrence (Non-Executive Chairman and Independent Director)	45	11 May 2017	NA	1. UG Healthcare Corporation Limited	NIL	1. DC Frontiers Pte. Ltd. (Head of strategy and business development) 2. NLC Advisory Pte. Ltd. (Executive Director)
Sim Hock Heng (Chief Executive Officer)	46	27 February 2017	NA	NIL	NIL	NIL
Pek Kian Boon (Executive Director)	46	27 February 2017	NA	NIL	NIL	NIL
Kew Boon Kee (Executive Director)	47	27 February 2017	NA	NIL	NIL	NIL
Lee Tien Chiat (Executive Director)	45	27 February 2017	NA	NIL	NIL	NIL
Elaine Beh Pur-Lin (Independent Director)	50	11 May 2017	NA	1. Acromec Limited	NIL	1. Virtus Law LLP (Partner)
Chan Hock Leong (Independent Director)	46	11 May 2017	NA	NIL	NIL	1. Mazars LLP (Senior Partner)

NA: Not applicable

Board Performance

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

5.1 5.2 5.3	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its board committees, and for assessing the contribution by each Director to the effectiveness of the Board?	The NC assesses the effectiveness of the Board as a whole and its board committees, and the contribution by each individual Director to the effectiveness of the Board. The Board is expected to act in good faith, with due diligence and care in the best interests of the Group to enhance long-term shareholder value.

CORPORATE GOVERNANCE REPORT

		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. 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 include, *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. As the Company was listed on the Catalist of the SGX-ST on 8 June 2017, and the assessment system and evaluation forms have been established and adopted for the evaluation of the Board as a whole, its Board Committees and the individual Directors after FY2017, the formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each Director to the effectiveness of the Board will be carried out for FY2018.

CORPORATE
GOVERNANCE REPORT

Access To Information

In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

6.1 6.2 6.5	What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	See Table 6 below

Table 6 – Types of Information Provided by Management/Key Management Personnel to Independent Directors

	Information	Frequency
1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Half-yearly
2.	Updates to the Group's operations and the markets in which the Group operates in	Half-yearly and as and when relevant
3.	Half-yearly and full year financial results	Half-yearly
4.	Reports on on-going or planned corporate actions	As and when relevant
5.	Enterprise risk framework and internal auditors' ("IA") report(s)	Half-yearly and as and when available
6.	Research report(s)	As and when requested
7.	Shareholding statistics	As and when requested

Key Management Personnel will also provide any additional material or information that is requested by Directors or is necessary to enable the Board to make balanced and informed decisions.

The Directors, either individually or as a group, may seek independent professional advice and services on any areas they deem necessary, at the expense of the Company.

CORPORATE GOVERNANCE REPORT

6.3 6.4	What is the role of the Company Secretary?	The Company Secretary prepares meeting agendas, attends and prepares minutes of all Board and Board Committee meetings and is responsible for ensuring that Board procedures are followed and that the Company's Constitution and relevant rules and regulations are complied with. The Company Secretary assists the Chairman by preparing meeting agendas, attending Board and Board Committee meetings and preparing minutes of Board proceedings. Under the direction of the Chairman, the Company Secretary, with the support of the Management, ensures good information flows within the Board and the Board Committees and between Management and the Independent Directors. The Directors have separate and independent access to the Company Secretary and the Management at all times. The appointment and the removal of the Company Secretary should be a matter for the Board as a whole.
REMUNERATION MATTERS		
Developing Remuneration Policies There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.		
7.1 7.2 7.4	What is the roles and duties of the RC?	The Board established the RC on 11 May 2017 which consists of three (3) Independent Directors. All members of the RC, including the RC chairman, are independent and non-executive directors. The RC will meet at least once a year. Please refer to Table 1.3 on the names of the members and the composition of the RC. 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 Executive Director, Non-Executive and Non-Independent Director, Independent Director, Key Management Personnel and employees who are immediate family members of a director or CEO;

CORPORATE
GOVERNANCE REPORT

		▪ To review the design of any long term incentive schemes for approval by the Board and shareholders and to determine whether 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 executive Directors and Key Management Personnel with 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 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 responsibilities; (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.
7.3	Were remuneration consultants engaged in the last financial year?	No remuneration consultants were engaged by the Group as of the date of this Annual Report. If necessary, the RC will seek expert advice inside and/or outside the Group 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 Group and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.
Level and Mix of Remuneration The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) Key Management Personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.		
8.1	Measures for assessing the performance of Executive Director and Key Management Personnel	Annual review of the remuneration package is carried out by the RC to ensure that the remuneration of the Executive Directors and Key Management Personnel are commensurate with their performance and that of the Group, 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.

CORPORATE
GOVERNANCE REPORT

		The remuneration of the Executive Directors and the Key Management Personnel consists of fixed salary and allowances. 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 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 years with effect from the date of admission of the Company to Catalist. Upon the expiry of the initial period of three 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 years, either party may terminate the Service Agreement at any time by giving to the other party not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six months' salary based on the Executive Director's last drawn monthly salary. Each of the Executive Director 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.
8.2	Were long term incentive schemes given to Executive Director and Key Management Personnel?	The Company has yet to implement a long-term incentive scheme.
8.3	How the remuneration of Non-Executive Directors is determined?	The Independent Directors will be 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 Group 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. Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company.

8.4	Are there any contractual provisions to allow the company to reclaim incentive components of remuneration from Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to 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 is currently no requirements to implement contractual provisions to allow the Group to reclaim incentive components of their remuneration packages. In addition, the Executive Directors owe a fiduciary duty to the Group. The Group should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.
Disclosure on Remuneration Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and Key Management Personnel, and performance.		
9	What is the Company's remuneration policy?	The Group's remuneration policy is one that seeks to attract, retain and motivate talent to achieve the Group's business objective and create sustainable value for its stakeholders. The policy articulates to staff the link on total compensation to the achievement of organisational and individual performance objective, and benchmarked against relevant and comparative compensation in the market.

CORPORATE
GOVERNANCE REPORT

9.1
9.2

Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and long-term incentives? If not, what are the reasons for not disclosing so?

After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and Key Management Personnel, the Group is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment.

The breakdown for the remuneration of the Directors in FY2017 is as follows:–

Table 9.2 – Directors' Remuneration

Name of Director	**Salary (%)**	**Bonus (%)**	**Benefits in Kind (%)**	**Directors' Fee (%)**	**Total (%)**
Below S$250,000					
Ng Lip Chi, Lawrence*	–	–	–	–	–
Sim Hock Heng	93	–	7	–	100
Pek Kian Boon	93	–	7	–	100
Kew Boon Kee	93	–	7	–	100
Lee Tien Chiat	93	–	7	–	100
Elaine Beh Pur-Lin*	–	–	–	–	–
Chan Hock Leong*	–	–	–	–	–

*__Note:__ Mr Ng Lip Chi, Lawrence, Ms Elaine Beh Pur-Lin and Mr Chan Hock Leong were appointed on 11 May 2017.

There were no termination, retirement and post-employment benefits that were granted to Directors and Key Management Personnel as of the date of this Annual Report.

<table>
<tr>
<td>9.3</td>
<td>(a) Has the Company disclosed (at least top five) Key Management Personnel's remuneration, in bands of S$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?

(b) Please disclose the aggregate remuneration paid to the top two (2) Key Management Personnel (who are not Directors or the CEO).</td>
<td>The Company has two (2) Key Management Personnel for FY2017.

The breakdown for the remuneration of the Group's Key Management Personnel (who are not Directors or the CEO) in FY2017 is as follows:

<table>
<tr><th colspan="5">Table 9.3 – Remuneration of Key Management Personnel</th></tr>
<tr><th>Name of Key Management Personnel</th><th>Salary (%)</th><th>Bonus (%)</th><th>Benefits in Kind (%)</th><th>Total (%)</th></tr>
<tr><td colspan="5">Below S$250,000</td></tr>
<tr><td>Shoo Sook Fun[1],
General Manager
– Corporate Services</td><td>72</td><td>16</td><td>12</td><td>100</td></tr>
<tr><td>Toh Chiew Khim, CFO</td><td>93</td><td>–</td><td>7</td><td>100</td></tr>
</table>

Note:
(1) Ms Shoo Sook Fun is the wife of Mr Pek Kian Boon, Executive Director.

The total remuneration paid to the two (2) Key Management Personnel in FY2017 was S$251,060.00.</td>
</tr>
<tr>
<td>9.4</td>
<td>Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S$50,000 during the financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.</td>
<td>Other than Ms Shoo Sook Fun, who is the spouse of Mr Pek Kian Boon (Executive Director of the Company), 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 FY2017.</td>
</tr>
</table>

CORPORATE GOVERNANCE REPORT

9.5	Please provide details of the employee share scheme(s).	Currently, the Group does not have any share-based compensation scheme or any long-term scheme involving the offer of shares or option in place. To recognise and reward employees their past contributions and services to the Group, 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 pre-IPO stage. Details of the Employee Shares are set out in the Company's Offer Document.
9.6	(a) Please describe how the remuneration received by Executive Directors and Key Management Personnel has been determined by the performance criteria.	The remuneration received by the Executive Directors and Key Management Personnel takes into consideration Group performance and his/her individual performance and contribution toward 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.
	(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes? Were all of these performance conditions met? If not, what were the reasons?	As the Company was listed on the Catalist of the SGX-ST on 8 June 2017, there was no determination of the performance for the Board and Key Management Personnel for FY2017. The RC will review the performance of the Board and Key Management Personnel and set out the relevant performance conditions chosen for the Group in FY2018.

<table>
<tr><td colspan="3">ACCOUNTABILITY AND AUDIT</td></tr>
<tr><td colspan="3">Accountability
The Board should present a balanced and understandable assessment of the company's performance, position and prospects.</td></tr>
<tr><td>10.1
10.2
10.3</td><td>The Board should present a balanced and understandable assessment of the Company's performance, position and prospects extends to interim and other price sensitive public report, and reports to regulators (if required).</td><td>The Board believes that it should conduct itself in a way that deliver 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 requirement 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 Group 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.
Management provides the Board with management accounts and such explanation and information relating to the Group's performance on a regular basis and as the Board may require from time to time to assist the Board in understanding and in making a balanced and informed assessment of the Group's performance, financial position and prospects.</td></tr>
<tr><td colspan="3">Risk Management and Internal Controls
The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets,and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.</td></tr>
<tr><td>11.1
11.2
11.4</td><td>The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal control to safeguard shareholders' interest and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.</td><td>The Board acknowledges its responsibilities for the governance of risks and the overall internal control framework, but recognises 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 business objective, and can provide only reasonable and not absolute assurance against material misstatements or loss.</td></tr>
</table>

		Risk assessment and evaluation has 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 organisation. 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 measure to control and mitigate these risks. The Management reviews all the significant control policies and procedures and highlights all significant findings and matters to Directors and AC. The Board is ultimately responsible for the Group's risk management. On an annual basis, the internal audit function of the Group prepares the internal audit plan which is approved by the AC taking into consideration the risks identified. The Board, with the assistance of independent internal and external auditors, has reviewed the adequacy and the effectiveness of the Group's risk management and the internal control systems put in place addressing key financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls, together with recommendation for improvement are reported to the AC. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

CORPORATE GOVERNANCE REPORT

11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	The Board with the concurrence of the AC, is of the view that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as of the date of this Annual Report. The bases for the Board's view are as follows: ▪ Assurance had been received from the CEO and CFO. ▪ Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by the Key Management Personnel and the Board as disclosed in the Company's Offer Document pursuant to its IPO on 8 June 2017. The Group has outsourced its internal audit function to BDO LLP which reported on the audit findings and recommendations directly to the AC. ▪ Discussion was held between the AC and external auditor in the absence of the Key Management Personnel to review and address any potential concerns. The Group is gradually placing emphasis on sustainability and would implement appropriate policies and programmes when the opportunities arise.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements present fairly, in all material respects, the state of affairs of the Group and of the Company; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	The Board has obtained assurance from the CEO and CFO in respect of FY2017 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 Group'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.

CORPORATE
GOVERNANCE REPORT

		In addition, as part of the IPO process, the outsourced IA, BDO LLP has met up with the designated members of the Board on 22 February 2017 to brief them on the internal control matters and highlighted the issues identified and the Management's responses. Also, the outsourced IA, BDO LLP had joined the AC meeting held on 20 June 2017 (via telephone-conference) without the presence of Management, to brief the AC on the internal control matters and highlighted the issues identified and the Management's responses. BDO LLP is assisting the Group to develop an Enterprise Risk Management Framework.
Audit Committee The Board should establish an Audit Committee with written Terms Of Reference which clearly set out its authority and duties.		
12.1 12.2 12.3 12.4	What is the role of the AC?	The Board established the AC on 11 May 2017 which consists of three (3) Independent Directors. All members of the AC, including the AC chairman, are independent and non-executive directors. The AC will meet at least two times a year. Please refer to Table 1.3 on the names of the members and the composition of the AC. 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 our 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 our 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 and should state (i) the aggregate amount of fees paid to the external auditors for the financial year, and (ii) a breakdown of the fees paid in total for audit and non-audit services respectively, or an appropriate negative statement, in the Company's Annual Report. Where the auditors also supply a substantial volume of non-audit services to the Group, 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 Group'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 Management's response; ▪ To review policy and arrangements by which staff 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 Committee; ▪ To review interested person transactions (IPTs) falling within the scope of the Catalist Rules (including transactions that fall within the scope of Rule 912, i.e. the review of transactions between the Group entity at risk and the interested persons as defined in Chapter 9 of the Catalist Rule); ▪ 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 Group's documents, records, properties and personnel, including access to 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, provision of doubtful receivables, order book, major contracts entered into, all litigations and other matters; ▪ To review annually the adequacy and effectiveness of the Group's internal audit function; and

CORPORATE GOVERNANCE REPORT

		▪ To assess annually the qualifications, expertise and resources of the auditors and the effectiveness of the audit process and monitor the auditors' compliance with relevant ethical and professional guidance on the rotation of audit partner. The Board considers that Mr Chan Hock Leong, who has extensive and practical accounting and auditing knowledge and experience, is well-qualified to chair the AC. The members of the AC, collectively, have expertise or experience in accounting and related financial management and are 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 co-operation 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.
12.5	Has the AC met with the auditors in the absence of Key Management Personnel?	The AC had met and discussed with the external and internal auditors as part of the IPO process in the absence of Key Management Personnel. The AC had also met with the external auditors in the absence of Key Management Personnel at a meeting held on 20 June 2017. The AC also meets with the external and internal auditors without the presence of the Management, at least annually.
12.6	Has the AC reviewed the independence of the external auditors?	Deloitte & Touche LLP is the Company's current external auditors and was appointed on 2 May 2017. The AC will review the independence of the external auditors annually. The AC noted that there is no non-audit services rendered to the Group by the external auditors in FY2017 and is satisfied that the independence of the external auditors had not been impaired, and has recommended the re-appointment of the external auditors at the forthcoming AGM.

<table>
<tr><td></td><td>(a) Please provide a breakdown of the fees paid in total to the external auditor for audit and non-audit services for the financial year.</td><td>
<table>
<tr><th colspan="3">Table 12.6 (a) – Fees Paid/Payable to the external auditor for FY2017</th></tr>
<tr><th></th><th>SGD</th><th>% of total</th></tr>
<tr><td>Audit fees</td><td>57,655</td><td>100</td></tr>
<tr><td>Non-audit fees</td><td>–</td><td>–</td></tr>
<tr><td>Total</td><td>57,655</td><td>100</td></tr>
</table>
The Company confirms that it is in compliance with the Catalist Rules 712 and 715 in relation to its external auditors.</td></tr>
<tr><td></td><td>(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's review on the independence of the external auditor.</td><td>No non-audit services rendered to the Group by the external auditor in FY2017, as of the date of this Annual Report.</td></tr>
<tr><td>12.7</td><td>Does the Company have a whistle-blowing policy?</td><td>The Company did not have a whistle-blowing policy as of the date of this Annual Report as the Company was only listed on the Catalist of the SGX-ST on 8 June 2017. Post-listing, the Company intends to put in place a whistle-blowing policy in FY2018. The whistle-blowing policy will also be made available on the Company's website in due course.</td></tr>
<tr><td>12.8</td><td>What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?</td><td>The AC is kept abreast by the Management and the external auditors of any changes to accountings standards, Catalist Rules, and other regulations which could have an impact on the Group's business and financial statements.

As of the date of this Annual Report, the AC did not receive any update on changes and amendments to accounting standards. However, the AC was briefed by the external auditor regarding future changes to financial reporting standards, Companies Act on sections relevant to listed companies and standards on auditing.</td></tr>
<tr><td>12.9</td><td>Is the former partner or director of the Company's existing auditing firm or audit corporation a member of the AC?</td><td>No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC.</td></tr>
</table>

CORPORATE GOVERNANCE REPORT

FINANCIAL REPORTING AND KEY AUDIT MATTER

During the year, the AC had full access to and cooperation from the Group and the Company's management, and internal and external auditors. The AC also had full access to the internal and external auditors without the presence of management.

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 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 Revenue from EPC contracts is recognised by reference to the percentage of completion ("POC") of each contract at the end of reporting period. The stage of completion is measured by the proportion of costs incurred for the work performed to date, relative to the estimated total cost on completion approved by the Management. Significant judgement is required to estimate total cost on completion. Any change to the total cost on completion will impact the percentage of completion, resulting in an impact to the revenue recognised during the year. The accounting policy for revenue recognition for contract work-in-progress is disclosed in Note 2 and the amount of revenue recognised based on POC is disclosed in Note 16.	The AC have considered the approach and methodology applied by the Management for revenue recognition. The AC have also discussed the above with the external auditors and understand that the estimates used by the Management is reasonable for the purposes of revenue recognition using POC. The auditors have included revenue recognition as a key audit matter in the auditor's report for FY2017. This is on page 60 of the annual report.

CORPORATE
GOVERNANCE REPORT

Internal Audit The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	The Group has outsourced its internal audit functions to BDO LLP. The internal auditor ("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 determine whether the Group's risk management, control and governance processes, as designed, is adequate and functioning in the required manner. 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, and has the appropriate standing in the Company to discharge its duties effectively. The AC will also review the adequacy and effectiveness of the internal audit function on an annual basis.
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Shareholder Rights Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.		
14.1 14.2 14.3	Does the Company recognise, protect and facilitate the exercise of shareholder's rights and continually review and update such governance arrangements?	The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Group'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 Group's business which could have a material impact on the Company's share price. Any notice of a general meeting of shareholders is issued at least 14 days before the scheduled date of such meeting. At the general meetings, shareholders are given the opportunity to voice their views and raise their concerns on matters relating to the Group and its operations. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the general meetings.

CORPORATE
GOVERNANCE REPORT

Communication with Shareholders

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

15.1 15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	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 was established on 27 February 2017 and listed on the Catalist of the SGX-ST on 8 June 2017. The Company intends to hold briefing and roadshow post-listing as part of its efforts to reach out to both institutional and retail investors. All material information on the performance and development of the Group is disclosed in an accurate, timely and comprehensive manner through SGXNET. 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 report together with the notice of AGM, which are also accessible 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.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	The Company has engaged an investor relations firm, namely Citigate Dewe Rogerson, i.MAGE Pte Ltd, to assist the Company on its investor relations activities.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	The Company ensures that all shareholders are equally and timely informed of all major developments impacting the Group. 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 and the investors a profound prospective of the Group's business prospects.

CORPORATE
GOVERNANCE REPORT

15.5	Does the Company have a dividend policy?	The Company does not have a formal dividend policy. The form, frequency and amount of dividends that the Directors may recommend or declare in respect of any particular financial year or period will be subject to, *inter alia*, the Group's level of cash and retained earnings, actual and projected financial performance, projected levels of capital expenditure and expansion plans, working capital requirements and general financing condition, and any restrictions on payment of dividends imposed by the Group's financing arrangements. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to shareholders via announcements released on SGXNET when the Company discloses its financial results.
	Is the Company paying dividends for the financial year? If not, please explain why.	The Board will not be declaring any dividend for FY2017 as the Company was only listed on the Catalist of the SGX-ST on 8 June 2017.
CONDUCT OF SHAREHOLDER MEETINGS Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	The Company's Constitution allows for abstentia voting. The Company requires all Directors (including the respective chairman of the Board Committees) to be present at all general meetings of shareholders, unless of exigencies. The external auditors are 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. Detailed information on each item in the AGM agenda is accompanied by explanatory notes in the notice of AGM. 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 SGXNET after conclusion of the general meeting. The Company also maintains minutes of the AGM, which includes the key comments and queries raised by shareholders and the responses from the Board and the management. All minutes of general meetings will made available to shareholders upon their request after the general meetings.

CORPORATE
GOVERNANCE REPORT

1204(8)	Material Contracts	There were no material contracts involving the interest of the CEO, any Director or controlling shareholder entered into by the Group either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.
1204(17)	Interested Person Transaction ("IPT")	The Group has 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 Group 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. Save as disclosed in the Company's Offer Document on pages 159 to 165, there were no new IPTs with aggregate value of more than S$100,000 transacted during FY2017. The Group does not have a general mandate for IPTs.
1204(19)	Dealing in Securities	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 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.

<table>
<tr>
<td>1204(21)</td>
<td>Non-sponsorship Fees</td>
<td>SAC Capital Private Limited is the Continuing Sponsor of the Company.

For FY2017, the Company paid S$410,000 to its sponsor, SAC Capital Private Limited, for acting as the issue manager, underwriter and placement agent to the Company's IPO.</td>
</tr>
<tr>
<td>1204(22)</td>
<td>Use of IPO Proceeds</td>
<td>Utilisation of proceeds as at the date of this Annual Report are as follow:–
<table>
<tr><th>Use of proceeds</th><th>IPO proceeds (S$'000)</th><th>Utilisation (S$'000)</th></tr>
<tr><td>Working capital to expand business operations through securing more projects and projects of a larger scale</td><td>5,740</td><td>–</td></tr>
<tr><td>Expansion of business premises</td><td>2,920</td><td>–</td></tr>
<tr><td>Investment in a business development department</td><td>1,060</td><td>–</td></tr>
<tr><td>Total</td><td>9,720</td><td>–</td></tr>
</table>
</td>
</tr>
</table>

DIRECTORS' STATEMENT

The directors present their statement together with the audited combined financial statements of the Group for the year ended March 31, 2017 and the statement of financial position and statement of changes in equity of the Company for the financial period from February 27, 2017 (date of incorporation) to March 31, 2017.

In the opinion of the directors, the combined financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company as set out on pages 63 to 99 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, 2017, and the financial performance, changes in equity and cash flows of the Group for the year then ended and changes in equity of the Company for the financial period from February 27, 2017 (date of incorporation) to March 31, 2017, 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:

Sim Hock Heng	(Appointed on February 27, 2017)
Pek Kian Boon	(Appointed on February 27, 2017)
Kew Boon Kee	(Appointed on February 27, 2017)
Lee Tien Chiat	(Appointed on February 27, 2017)
Ng Lip Chi, Lawrence	(Appointed on May 11, 2017)
Elaine Beh Pur-Lin	(Appointed on May 11, 2017)
Chan Hock Leong	(Appointed on May 11, 2017)

2 Arrangements to enable directors to acquire benefits by means of acquisition of shares and debentures

Neither at the end of the financial period nor at any time during the financial period 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 period 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 except as follows:

	Shareholdings registered in the name of director	
Name of directors and company in which interests are held	**At beginning of period or date of appointment if later**	**At end of year**
The Company (Ordinary shares)		
Sim Hock Heng	1	1
Pek Kian Boon	1	1
Kew Boon Kee	1	1
Lee Tien Chiat	1	1

The directors' interest in the shares of the Company as at April 21, 2017 were the same at March 31, 2017.

4 Share options

(a) Options to take up unissued shares

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

(b) Options exercised

During the financial period, 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 period, there were no unissued shares of the Company or any corporation in the Group under options.

5 Audit committee

The Audit Committee of the Company, consisting of all independent and non-executive directors, is chaired by Mr. Chan Hock Leong, as an independent director, and includes Mr. Ng Lip Chi, Lawrence and Ms. Elaine Beh Pur-Lin. The Audit Committee has met once since the date of incorporation and has reviewed the following, where relevant, with the executive directors and external 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 combined financial statements of the Group, the statement of financial position and statement of changes in equity of the Company before their submission to the directors of the Company and external auditors' report on those financial statements;

(d) 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;

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

(f) 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

....

Sim Hock Heng

....

Pek Kian Boon

July 4, 2017

INDEPENDENT
AUDITOR’S REPORT

TO THE MEMBERS OF SANLI ENVIRONMENTAL LIMITED

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of Sanli Environmental Limited (the “Company”) and its subsidiaries (the “Group”), which comprise the combined statement of financial position of the Group and the statement of financial position of the Company as at March 31, 2017, and the combined statement of profit or loss and other comprehensive income, combined statement of changes in equity and combined statement of cash flows of the Group for the year then ended and the statement of changes in equity of the Company for the financial period from February 27, 2017 (date of incorporation) to March 31, 2017, and notes to the combined financial statements, including a summary of significant accounting policies, as set out on pages 63 to 99.

In our opinion, the accompanying combined 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, Chapter 50 (the “Act”) and the Financial Reporting Standards in Singapore (“FRSs”) so as to give a true and fair view of the combined financial position of the Group and the financial position of the Company as at March 31, 2017 and of the combined financial performance, combined changes in equity and combined cash flows of the Group for the year then ended and of the changes in equity of the Company for the financial period from February 27, 2017 (date of incorporation) to March 31, 2017.

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 (“ACRA”) 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 combined 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 Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the combined financial statements of the current year. These matters were addressed in the context of our audit of the combined financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SANLI ENVIRONMENTAL LIMITED

Key audit matter	How the matter was addressed in the audit
Revenue recognition of engineering, procurement and construction ("EPC") contracts Revenue from EPC contracts is recognised by reference to the percentage of completion ("POC") of each contract at the end of reporting period. The stage of completion is measured by the proportion of costs incurred for the work performed to date, relative to the estimated total cost on completion approved by the Management. Significant judgement is required to estimate total cost on completion. Any change to the total cost on completion will impact the percentage of completion, resulting in an impact to the revenue recognised during the year. The accounting policy for revenue recognition for contract work-in-progress is disclosed in Note 2 and the amount of revenue recognised based on POC is disclosed in Note 16.	We performed the following: • Evaluated the design and implementation of the relevant controls surrounding revenue recognition as well as cost estimation and recognition; • Obtained the Management's total cost on completion for significant projects, and assessed the reasonableness of the estimates used by the Management, including retrospective review for the estimates; • Agreed samples of costs incurred to supporting documents during the year for significant projects; and • Agreed the contract amount, including variation sum for the significant projects to the supporting documents, recalculated the POC and revenue recognised by the Management.

Information Other than the Combined 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 combined financial statements and our auditor's report thereon.

Our opinion on the combined 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 combined financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the combined financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SANLI ENVIRONMENTAL LIMITED

Responsibilities of Management and Directors for the Combined Financial Statements

Management is responsible for the preparation of the combined financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, 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 combined financial statements and to maintain accountability of assets.

In preparing the combined 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 Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SANLI ENVIRONMENTAL LIMITED

e) Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined 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 combined 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 combined financial statements of the current period 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 the subsidiary corporation 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 Michael Ng Wee Kiat.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

July 4, 2017

COMBINED STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2017

		Group		Company
	Note	**2017**	2016	**2017**
		$'000	$'000	**$**
ASSETS				
Current assets				
Cash and cash equivalents	6	**11,484**	6,624	**4**
Trade and other receivables	7	**6,665**	7,011	**–**
Contract work-in-progress in excess of billings	8	**5,812**	8,218	**–**
Available-for-sale investments	10	**257**	–	**–**
Total current assets		**24,218**	21,853	**4**
Non-current assets				
Property, plant and equipment	9	**5,648**	5,747	**–**
Available-for-sale investments	10	**267**	524	**–**
Total non-current assets		**5,915**	6,271	**–**
Total assets		**30,133**	28,124	**4**
LIABILITIES AND EQUITY				
Current liabilities				
Borrowings	11	**854**	2,847	**–**
Convertible loan	12	**2,000**	–	**–**
Trade and other payables	13	**12,556**	8,020	**–**
Billings in excess of contract work-in-progress	8	**760**	–	**–**
Finance leases	14	**87**	87	**–**
Income tax payable		**2,216**	1,770	**–**
Total current liabilities		**18,473**	12,724	**–**
Non-current liabilities				
Borrowings	11	**2,882**	3,730	**–**
Finance leases	14	**268**	355	**–**
Total non-current liabilities		**3,150**	4,085	**–**
Capital and reserves				
Share capital	15	**1,500**	1,500	**4**
Translation reserves		**(35)**	(16)	**–**
Retained earnings		**7,045**	9,873	**–**
Equity attributable to owners of the Company		**8,510**	11,357	**4**
Non-controlling interests		**–**	(42)	**–**
Total equity		**8,510**	11,315	**4**
Total liabilities and equity		**30,133**	28,124	**4**

See accompanying notes to combined financial statements.

COMBINED STATEMENT OF PROFIT OR LOSS **AND OTHER COMPREHENSIVE INCOME**

YEAR ENDED MARCH 31, 2017

	Note	Group **2017** **$'000**	 2016 $'000
Revenue	16	**64,314**	57,264
Cost of contract works		**(53,915)**	(46,016)
Gross profit		**10,399**	11,248
Other income	17	**164**	172
Administrative expenses		**(3,437)**	(3,512)
Other operating expenses		**(623)**	(551)
Finance costs	18	**(234)**	(172)
Profit before tax		**6,269**	7,185
Income tax	19	**(1,055)**	(1,287)
Profit for the year	20	**5,214**	5,898
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of a foreign operation		**(19)**	(16)
Total comprehensive income for the year		**5,195**	5,882
Profit for the year attributable to:			
Owners of the Company		**5,172**	5,942
Non-controlling interests		**42**	(44)
		5,214	5,898
Total comprehensive income for the year attributable to:			
Owners of the Company		**5,153**	5,926
Non-controlling interests		**42**	(44)
		5,195	5,882
Earnings per share ("EPS"):			
Basic and diluted (cents)	21	**2.56**	2.94

See accompanying notes to combined financial statements.

COMBINED STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED MARCH 31, 2017

	Share Capital $'000	Translation reserves $'000	Retained earnings $'000	Equity attributable to owners of the Company $'000	Non-controlling interest $'000	Total $'000
Group						
Balance at April 1, 2015	1,500	–	4,931	6,431	2	6,433
Total comprehensive income for the year						
Profit for the year	–	–	5,942	5,942	(44)	5,898
Other comprehensive income for the year	–	(16)	–	(16)	–	(16)
Total	–	(16)	5,942	5,926	(44)	5,882
Transaction with owners, recognised directly in equity						
Dividends (Note 22)	–	–	(1,000)	(1,000)	–	(1,000)
Balance at March 31, 2016	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 (Note 22)	–	–	(8,000)	(8,000)	–	(8,000)
Balance at March 31, 2017	**1,500**	**(35)**	**7,045**	**8,510**	**–**	**8,510**

	Share capital $	Retained earnings $	Total $
Company			
Issuance of shares at date of incorporation (Note 15) and balance as at March 31, 2017	**4**	**–**	**4**

See accompanying notes to combined financial statements.

COMBINED STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2017

	Group	
	2017	2016
	$'000	$'000
Operating activities		
Profit before tax	**6,269**	7,185
Adjustments for:		
Depreciation of property, plant and equipment	**492**	414
Loss on disposal of property, plant and equipment	**25**	11
Finance costs	**234**	172
Interest income	**(47)**	(8)
Operating cash flows before movements in working capital	**6,973**	7,774
Trade and other receivables	**346**	(3,633)
Trade and other payables	**4,517**	(844)
Contract work-in-progress in excess of billings	**2,406**	141
Billings in excess of contract work-in-progress	**760**	–
Cash generated from operations	**15,002**	3,438
Income tax paid	**(609)**	(317)
Net cash from operating activities	**14,393**	3,121
Investing activities		
Purchase of property, plant and equipment (Note A)	**(429)**	(695)
Proceeds from disposal of property, plant and equipment	**11**	33
Interest received	**47**	8
Acquisition of available-for-sale investments	**–**	(524)
Net cash used in investing activities	**(371)**	(1,178)
Financing activities		
Dividends paid	**(8,000)**	(900)
Repayment of borrowings	**(2,841)**	(1,465)
Proceeds from borrowings	**–**	3,000
Proceeds from issuance of convertible loan	**2,000**	–
Repayment of finance lease obligations	**(87)**	(17)
Interest paid	**(234)**	(172)
Net cash (used in) from financing activities	**(9,162)**	446
Net increase in cash and cash equivalents	**4,860**	2,389
Cash and cash equivalents at beginning of financial year	**6,624**	4,235
Cash and cash equivalents at end of financial year	**11,484**	6,624

Note A: In 2016, certain plant and equipment were acquired at cost of $1,154,000, with cash payment of $695,000 and the $459,000 balance being under finance lease arrangements.

See accompanying notes to financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

MARCH 31, 2017

1 General

The Company (Registration No. 201705316M) is incorporated in Singapore with its principal place of business and registered office at 15 Kian Teck Drive, Singapore 628832. The combined financial statements are expressed in Singapore dollars.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are disclosed below.

The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited on June 8, 2017.

Restructuring Exercise

Pursuant to the restructuring exercise ("Restructuring Exercise") to rationalise the structures of the Company and its subsidiaries ("Group") in preparation for the proposed listing of the Company on the Catalist Board of Singapore Exchange Securities Trading Limited ("SGX-ST"), the Company underwent the following:

(a) Incorporation of the Company

On February 27, 2017, the Company was incorporated in Singapore as an investment holding company with an issued and paid-up share capital of $4 comprising 4 shares.

(b) Acquisition of Sanli M&E Engineering Pte. Ltd. ("Sanli Engineering")

Prior to the share swap described below, Sanli Engineering had an issued and paid-up share capital of $1,500,000 comprising 1,500,000 ordinary shares.

Pursuant to the restructuring agreement dated May 9, 2017 ("Restructuring Agreement") entered into by the Company and the shareholders of Sanli Engineering:

(i) the Company acquired 1,500,000 shares, representing the entire issued and paid-up share capital of Sanli Engineering from its shareholders for a consideration of $8,255,348, which was based on the audited net asset value of Sanli Engineering as at December 31, 2016; and

(ii) the consideration was satisfied in the following manner:

(A) the Company issued 6,086,752 new shares, credited as fully paid at $1 per share, to Typha Holdings Pte. Ltd. ("Typha Holdings"), on the direction of its shareholders; and

(B) the Company issued 542,149 new shares, credited as fully paid at $1 per share, to each of the shareholders of Sanli Engineering.

Upon the completion of the acquisition of Sanli Engineering, the Company had an issued and paid-up share capital of $8,255,352, comprising 8,255,352 shares.

NOTES TO COMBINED
FINANCIAL STATEMENTS

1 General *(Continued)*

Restructuring Exercise ***(Continued)***

(c) Sub-division of shares

On May 9, 2017, the shareholders of the Company approved the sub-division of every 8,255,352 shares in the issued and paid-up share capital of the Company into 202,256,124 shares. Following this sub-division, the issued and paid-up share capital of the Company was $8,255,352 comprising 202,256,124 shares.

(d) Transfers of employee shares

On May 11, 2017, Typha Holdings transferred an aggregate of 2,656,578 employee shares to 83 employees who accepted the offer of the shares to them. The shares were offered to the employees to recognise and reward them for their past contributions and services and to align their interests with the Group to encourage greater dedication and loyalty to the Group.

Each employee paid a nominal consideration of $1 for his employee shares transferred to him which are subject to a moratorium. In the event that an employee ceases to be employed by the Group, the employee will have to transfer such number of employee shares at an aggregate nominal consideration of $1 back to Typha Holdings as follows:

(i) if the employment is terminated within one year from the date of listing of the Company on Catalist, all the employee shares held by the employee; and

(ii) if the employment is terminated within the second year from the date of listing of the Company on Catalist, 50% of the employee shares held by the employee.

Such employee shares transferred back to Typha Holdings would be subject to the applicable moratorium undertaking by Typha Holdings.

(e) Pre-IPO Investor

Pursuant to the Investment Agreement dated February 3, 2017 entered into between Sanli Engineering and the Pre-IPO Investor, the Pre-IPO Investor granted the Convertible Loan to Sanli Engineering. The proceeds from the Convertible Loan would be used for the expansion of the Group's business and for working capital purposes. On May 25, 2017, the Convertible Loan was repaid by Sanli Engineering through the issuance of 14,401,689 new shares by the Company, on the direction of Sanli Engineering, to the Pre-IPO Investor, together with interest at 6% per annum paid in cash by Sanli Engineering to the Pre-IPO Investor.

The Pre-IPO Investor is not related to the Company.

1 General *(Continued)*

Basis of preparation of the combined financial statements

The Group resulting from the above Restructuring Exercise is regarded as a continuing entity for the years ended March 31, 2016 and March 31, 2017 as the Group is ultimately controlled by the common shareholders both before and after the Restructuring Exercise. Accordingly, although the Company is only incorporated on February 27, 2017, the combined financial statements of the Group have been prepared using the principles of merger accounting on the basis that the Restructuring Exercise transfers the equity interest in the combining entities under the common control to the Company has been effected for the years ended March 31, 2016 and March 31, 2017.

Details of the Company's subsidiaries are as follows:

Name of subsidiary	**Principal activities**	**Country of incorporation and operation**	**Effective equity interest of the Company**	
			31 Mar 2017 %	31 Mar 2016 %
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 M&E Engineering Sdn. Bhd.[b]	Project management, contracting and M&E engineering services in the water treatment industry	Malaysia	**100**	100
TechComm Global Pte. Ltd.[c]	Research and development on environment and clean technologies (dormant in current financial year)	Singapore	–	70

Notes:

(a) Audited by Deloitte & Touche LLP, Singapore.

(b) Audited by firm other than Deloitte & Touche LLP, Singapore.

(c) Disposed during the year ended March 31, 2017 to a director of the Company at consideration of $1. At the date of disposal, the subsidiary had zero net asset value.

The combined financial statements of the Group, statement of financial position of the Company for the year ended March 31, 2017 and statement of changes in equity of the Company from February 27, 2017 (date of incorporation) to March 31, 2017 were authorised for issue by the Board of Directors on July 4, 2017.

NOTES TO COMBINED
FINANCIAL STATEMENTS

2 Summary of significant accounting policies

BASIS OF ACCOUNTING – The combined 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 and Singapore Financial Reporting Standards ("FRS").

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 combined financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 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.

ADOPTION OF NEW AND REVISED STANDARDS – On April 1, 2016, the Group adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are effective for the relevant periods and are relevant to its operations. 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 relevant periods.

BASIS OF COMBINATION – The Group resulting from the Restructuring Exercise as disclosed in Note 1, is one involving entities under common control. Accordingly, the combined financial statements have been accounted for using the principles of merger accounting where financial statement items of the merged entities for the reporting periods in which the common control combination occurs are included in the combined financial statements of the Group as if the combination had occurred from the date when the merged entities first came under the control of the same shareholders.

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.

2 Summary of significant accounting policies *(Continued)*

BASIS OF COMBINATION *(Continued)*

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.

The results of subsidiaries acquired or disposed of during the financial year are included in the combined statement of profit or loss and other 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 combination.

Changes in 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.

2 Summary of significant accounting policies *(Continued)*

BASIS OF COMBINATION *(Continued)*

Changes in Group's ownership interests in existing subsidiaries *(Continued)*

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 FRSs). 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 FRS 39.

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

Available-for-sale investments

Certain debt securities held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 10. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses and interest calculated using the effective interest method. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

2 Summary of significant accounting policies *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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.

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.

2 Summary of significant accounting policies *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial liabilities and equity instruments *(Continued)*

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 recorded at the proceeds recurred, net of direct issue costs.

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 and convertible loan 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 and convertible loan in accordance with the Group's accounting policy for borrowing costs (see below).

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Convertible Loan

Convertible loans are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

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 WORK-IN-PROGRESS AND REVENUE RECOGNITION – Where the outcome of contract work-in-progress can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of reporting period, as measured by the proportion of costs incurred for work performed to date, relative to the estimated total cost on completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

NOTES TO COMBINED **FINANCIAL STATEMENTS**

2 Summary of significant accounting policies *(Continued)*

CONTRACT WORK-IN-PROGRESS AND REVENUE RECOGNITION *(Continued)*

Where the outcome of contract work cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable of recovery. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract work-in-progress include costs that relate directly to the specific contract and costs that are attributable to contract activity and can be allocated to the contract. Such costs include but are not limited to material, labour, and subcontract cost.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as "Contract work-in-progress in excess of billings". For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as "Billings in excess of contract work-in-progress".

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lease. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease over the lease term including lease incentives granted to tenants are recognised on the profit or loss statement on a straight-line basis over the period of the lease.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2 Summary of significant accounting policies *(Continued)*

LEASES *(Continued)*

The Group as lessee *(Continued)*

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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	5 years
Leasehold properties	Over the lease term
Renovation	5 years
Workshop equipment	5 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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.

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.

NOTES TO COMBINED **FINANCIAL STATEMENTS**

2 Summary of significant accounting policies *(Continued)*

IMPAIRMENT OF NON-FINANCIAL ASSETS *(Continued)*

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 FRSs 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 combined 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 *(Continued)*

PROVISIONS *(Continued)*

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 at the fair value of the consideration received or receivable.

Revenue from engineering, procurement and construction contracts is recognised in accordance with the Group's accounting policy on contract work-in-progress and revenue recognition (see above).

Revenue from operations and maintenance services is recognised as and when the services are delivered.

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

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 relevant period. Taxable profit differs from profit as reported in the statement of profit or loss and other 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.

2 Summary of significant accounting policies *(Continued)*

INCOME TAX *(Continued)*

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.

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 combined financial statements of the Group are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the combined 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.

NOTES TO COMBINED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)*

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION *(Continued)*

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting the combined 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 cash on hand and cash at bank that 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 *(Continued)*

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.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting periods, that 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) Contract work-in-progress and revenue recognition

As described in Note 2, for engineering, procurement and construction contracts, revenue and costs are recognised by reference to the stage of completion of each contract at the end of reporting period, as measured by the proportion of costs incurred for work performed to date, relative to the estimated total cost on completion. When it is probable that the total project costs will exceed the total project revenue, the expected loss is recognised as an expense immediately.

A considerable amount of judgement is required in estimating the total cost on completion, which affects the percentage of completion.

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 carrying amounts of contract work-in-progress are disclosed in Note 8.

(ii) Recoverability of trade and other receivables

In determining whether trade and other receivables are recoverable, the Group considers the aging status of individual balances and the creditworthiness of the debtor. This requires the use of judgement and estimates. Specific allowances are made only for receivables that are unlikely to be collected. The carrying amounts of trade and other receivables are disclosed in Note 7.

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 year:

	Group		**Company**
	2017	2016	**2017**
	$'000	$'000	**$**
Financial assets			
Loans and receivables (including cash and cash equivalents)	**22,759**	21,740	**4**
Available-for-sale investments	**524**	524	**–**
Financial liabilities			
Amortised cost (including liability component of convertible loan)	**18,647**	15,039	**–**

NOTES TO COMBINED
FINANCIAL STATEMENTS

MARCH 31, 2017

4 Financial instruments, financial risks and capital management *(Continued)*

(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 Japanese Yen against the Singapore dollar.

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

	Group			
	Assets		**Liabilities**	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
United States dollar	**679**	576	**36**	275
Japanese Yen	**10**	10	**–**	1,471

Foreign currency sensitivity

The sensitivity rate used when reporting foreign currency 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 were to strengthen by 10% against the Singapore dollar, the Group's profit before tax for the year will increase (decrease) by the following amounts:

	2017	2016
	$'000	$'000
United States dollar	**64**	30
Japanese Yen	**1**	(146)

If the relevant foreign currencies were to weaken by 10% against the Singapore dollar, the impact on the Group's profit before tax for the year 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 floating-rate borrowings (Note 11). There is no interest rate risk for convertible loan (Note 12) as interest rate for convertible loan is fixed.

NOTES TO COMBINED
FINANCIAL STATEMENTS

4 Financial instruments, financial risks and capital management *(Continued)*

(b) Financial risk management policies and objectives (Continued)

(ii) Interest rate risk management *(Continued)*

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 relevant period in the case of instruments that have floating rates. A 50 basis point increase 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 during the year and all other variables were held constant, the impact on the Group's profit before tax would decrease/increase by $16,000 (2016: $22,000).

The Company is not exposed to interest rate risk as there are no interest-bearing assets and liabilities.

(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 has a concentration of credit risk as 99% (2016: 76%) of trade receivables which 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 is the carrying amount of those assets as stated in the statement of financial position.

Further details of credit risks on trade and other receivables are disclosed in Note 7.

(v) Liquidity risk management

The Group monitors 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.

NOTES TO COMBINED
FINANCIAL STATEMENTS

4 Financial instruments, financial risks and capital management *(Continued)*

(b) Financial risk management policies and objectives (Continued)

(v) Liquidity risk management *(Continued)*

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The table below has been drawn up based on the undiscounted cash flows of the 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 are not included in the carrying amount of the financial liabilities on the statements of financial position.

	Weighted average effective interest rate %	**On demand or within 1 year $'000**	**Within 2 to 5 years $'000**	**After 5 years $'000**	**Adjustment $'000**	**Total $'000**
Group						
2017						
Non-interest Bearing	**–**	**12,556**	**–**	**–**	**–**	**12,556**
Fixed interest rate instruments (including liability component of convertible loan)	**5.0**	**2,810**	**388**	**7**	**(267)**	**2,938**
Variable interest rate instruments	**2.2**	**277**	**1,108**	**1,836**	**(68)**	**3,153**
Total		**15,643**	**1,496**	**1,843**	**(335)**	**18,647**
2016						
Non-interest Bearing	–	8,020	–	–	–	8,020
Fixed interest rate Instruments	2.8	1,757	986	22	(129)	2,636
Variable interest rate instruments	3.3	1,275	1,124	2,126	(142)	4,383
Total		11,052	2,110	2,148	(271)	15,039

The Company has no financial liabilities at the end of the reporting period.

Non-derivative financial assets

All financial assets of the Group and the Company are due within one year from the end of the reporting periods and are non-interest bearing, except for fixed deposits and available-for-sale investments, for which details are disclosed in Notes 6 and 10 respectively.

4 Financial instruments, financial risks and capital management *(Continued)*

(b) Financial risk management policies and objectives (Continued)

(vi) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and payables and convertible loan 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 finance lease liabilities approximates their fair values as the interest rates approximate the prevailing market rates.

Apart from the available-for-sale investments, for which details are disclosed in Note 10, the Group has no financial assets and financial liabilities that are measured at fair value on a recurring basis.

(c) Capital risk 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, which includes the borrowings and convertible loan disclosed in Notes 11 and 12 respectively, and equity comprising issued capital and retained earnings.

The Group's overall strategy remains unchanged from prior year.

5 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 were as follows:

	Group	
	2017	2016
	$'000	$'000
Short-term benefits	**1,028**	873
Post-employment benefits	**88**	77
	1,116	950

NOTES TO COMBINED
FINANCIAL STATEMENTS

6 Cash and cash equivalents

	Group		Company
	2017	2016	**2017**
	$'000	$'000	**$**
Fixed deposits	**5,204**	–	**–**
Cash on hand and at bank	**6,280**	6,624	**4**
	11,484	6,624	**4**

As at March 31, 2017, the Group's fixed deposits bear an average effective interest rate of 0.7% per annum with tenure of approximately one to eighteen months. There were no fixed deposits as at March 31, 2016. The fixed deposits can be readily convertible into cash.

7 Trade and other receivables

	Group	
	2017	2016
	$'000	$'000
Trade receivables	**4,613**	6,698
Deposits	**718**	185
Prepayments	**1,202**	113
Other receivables	**132**	15
	6,665	7,011

The credit period on sale of goods is 30 days (2016: 30 days). No interest is charged on the balance outstanding. Allowance for doubtful receivables are recognised against debtors in financial difficulty and/or have defaulted in payment. There are no allowances in 2017 and 2016.

Included in the Group's trade receivables are debtors with a carrying amount of $280,000 (2016: $643,000) respectively, which are past due at the end of the reporting period for which no allowances for doubtful receivables have been recognised as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

The aging profile of the past due trade receivables is as follows:

	Group	
	2017	2016
	$'000	$'000
< 1 month	**269**	388
1 to 2 months	**4**	228
> 2 months	**7**	27
Total	**280**	643

In determining the recoverability of a trade receivable the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. For receivables that are neither past due nor impaired, management has considered the quality of the debts and determined that no allowance is required.

8 Contract work-in-progress in excess of billings/billings in excess of contract work-in-progress

	Group	
	2017	2016
	$'000	$'000
Aggregate contract costs incurred plus recognised profits	**75,085**	50,167
Less: Progress billings	**(70,033)**	(41,949)
	5,052	8,218
Presented as follows:		
– Contract work-in-progress in excess of billings	**5,812**	8,218
– Billings in excess of contract work-in-progress	**(760)**	–
	5,052	8,218

9 Property, plant and equipment

Group	**Motor vehicles $'000**	**Office equipment $'000**	**Leasehold properties $'000**	**Renovation $'000**	**Workshop equipment $'000**	**Total $'000**
Cost:						
At April 1, 2015	294	242	5,068	399	118	6,121
Additions	1,077	59	–	9	9	1,154
Disposals	(61)	(2)	–	–	–	(63)
At March 31, 2016	1,310	299	5,068	408	127	7,212
Additions	352	63	–	14	–	429
Disposals	(110)	(46)	–	–	(13)	(169)
At March 31, 2017	**1,552**	**316**	**5,068**	**422**	**114**	**7,472**
Accumulated depreciation:						
At April 1, 2015	216	139	431	202	82	1,070
Depreciation	96	48	190	65	15	414
Disposals	(18)	(1)	–	–	–	(19)
At March 31, 2016	294	186	621	267	97	1,465
Depreciation	178	50	188	67	9	492
Disposals	(87)	(41)	–	–	(5)	(133)
At March 31, 2017	**385**	**195**	**809**	**334**	**101**	**1,824**
Carrying amount:						
At March 31, 2017	**1,167**	**121**	**4,259**	**88**	**13**	**5,648**
At March 31, 2016	1,016	113	4,447	141	30	5,747

As at March 31, 2017 and March 31, 2016, the carrying amount of the Group's property, plant and equipment held under finance leases are $721,000 and $803,000 respectively.

Certain borrowings of the Group (Note 11) are secured by mortgage of leasehold properties of the Group of which the carrying amounts are shown above.

NOTES TO COMBINED
FINANCIAL STATEMENTS

10 Available-for-sale investments

	Group	
	2017	2016
	$'000	$'000
Quoted debt instruments, at fair value	**524**	524
Less: Amount due to mature within 12 months	**(257)**	–
Amount due to mature after 12 months	**267**	524
Nominal values	**524**	524
Coupon rates (per annum)	**4.3 – 4.4%**	4.3 – 4.4%

The investments comprise quoted debt securities that offer the Group the opportunity for return through interest income and fair value gains. The fair values of these securities are based on closing quoted market prices on the last market day of the reporting periods.

The fair value measurement of the available-for-sale investments is categorised as Level 1 within the fair value hierarchy, and there were no transfers between the respective levels during the year.

11 Borrowings

	Group	
	2017	2016
	$'000	$'000
Bills payable to banks (i)	**–**	963
Bank loans for properties (ii)	**3,153**	3,420
Bank loans – others (iii)	**583**	2,194
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(854)**	(2,847)
Amount due for settlement after 12 months	**2,882**	3,730

	2017	2016
Interest rates on borrowings (per annum)	**2.2 – 2.9%**	1.9 – 3.4%

(i) Bills payable to banks were secured by joint and several guarantees by certain directors of the Company, and were repayable within 4 to 6 months of their respective drawdown dates.

(ii) Bank loans for properties are secured by mortgage of leasehold properties (Note 9) and joint and several guarantees by certain directors of the Company, with periodic repayment over 15 to 16 year terms.

(iii) The remaining bank loans are secured by joint and several guarantees by certain directors of the Company, with periodic repayment over terms of 2 years.

NOTES TO COMBINED FINANCIAL STATEMENTS

MARCH 31, 2017

11 Borrowings *(Continued)*

	Group	
	2017	2016
	$'000	$'000
Undrawn committed borrowing facilities	**7,000**	4,037

The facilities are secured by joint and several guarantees by certain directors of the Company and fixed deposits placed with a bank.

12 Convertible loan

On February 3, 2017, a subsidiary entered into an investment agreement with a third party for the grant of a convertible loan of $2,000,000. The drawdown of the convertible loan was on February 27, 2017.

Pursuant to the investment agreement, in the event of a listing on Singapore Exchange Securities Trading Limited ("SGX-ST"), the convertible loan shall be automatically converted into a stipulated number of shares in the issued share capital of Sanli Environmental Limited (see Note 1). In the event that there is no listing on SGX-ST by February 26, 2019, the Company shall make full repayment of the convertible loan amount and all interest accrued thereon at 8% per annum from the date of the drawdown up to the date of repayment. As of March 31, 2017, no amount of the convertible loan had been converted to shares or repaid to the investor.

13 Trade and other payables

	Group	
	2017	2016
	$'000	$'000
Trade payables	**7,744**	6,132
Accruals	**4,715**	1,304
Dividend payable	**–**	500
Other payables	**97**	84
	12,556	8,020

The credit period on purchases of goods is 30 to 60 days (2016: 30 to 60 days). No interest is charged on outstanding balances.

NOTES TO COMBINED FINANCIAL STATEMENTS

MARCH 31, 2017

14 Finance leases

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2017	2016	**2017**	2016
	$'000	$'000	**$'000**	$'000
Amounts payable under finance leases:				
Within one year	**100**	100	**87**	87
In the second to fifth years inclusive	**300**	386	**261**	337
Later than five years	**8**	22	**7**	18
	408	508	**355**	442
Less: Future finance charges	**(53)**	(66)	**–**	–
Present value of lease obligations	**355**	442	**355**	442
Less: Due for settlement within 12 months			**(87)**	(87)
Due for settlement after 12 months			**268**	355

The lease terms range from 5 to 7 years. The borrowing rate ranges from 2.8% to 3.0% per annum. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' title to the leased assets.

15 Share capital

The Company was incorporated on February 27, 2017. Accordingly, the share capital in the combined statement of financial position as at the end of the financial year relates to the Group's share of the share capital of the subsidiary, Sanli M&E Engineering Pte. Ltd..

	Group		Company	Group		Company
	2017	2016	**2017**	**2017**	2016	**2017**
	Number of ordinary shares ('000)		Number of ordinary shares	**$'000**	$'000	**$**
Issued and fully paid:						
At beginning/ date of incorporation and end of year	**1,500**	1,500	**4**	**1,500**	1,500	**4**

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.

NOTES TO COMBINED
FINANCIAL STATEMENTS

MARCH 31, 2017

16 Revenue

	Group	
	2017	2016
	$'000	$'000
Revenue from:		
– Engineering, procurement and construction contracts	**43,793**	31,975
– Operations and maintenance services	**20,521**	25,289
	64,314	57,264

17 Other income

	Group	
	2017	2016
	$'000	$'000
Government grant	**73**	149
Interest income	**47**	8
Others	**44**	15
	164	172

18 Finance costs

	Group	
	2017	2016
	$'000	$'000
Interest on:		
– Borrowings	**221**	169
– Finance leases	**13**	3
	234	172

19 Income tax

	Group	
	2017	2016
	$'000	$'000
Current tax expense	**1,055**	1,163
Under provision of current tax in prior years	**–**	124
	1,055	1,287

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

19 Income tax *(Continued)*

Income tax for the year can be reconciled to the accounting profit as follows:

	Group	
	2017	2016
	$'000	$'000
Profit before tax	**6,269**	7,185
Tax expense calculated at statutory rate of 17%	**1,066**	1,221
Non-taxable items – net	**(16)**	(12)
Under provision of current tax in prior years	**–**	124
Tax exempt income	**(26)**	(26)
Tax rebate	**(10)**	(20)
Others	**41**	–
	1,055	1,287

20 Profit for the year

Profit for the year has been arrived at after charging:

	Group	
	2017	2016
	$'000	$'000
Employee benefits expense (including directors' remuneration)	**10,770**	9,593
Cost of defined contribution plans included in employee benefits expense	**481**	405
Depreciation of property, plant and equipment (included in other operating expenses)	**492**	414
Loss on disposal of property, plant and equipment	**25**	11
Net foreign exchange loss	**132**	137
Audit fees:		
– paid to auditors of the Company	**54**	50
– paid to other auditors	**4**	3

21 Earnings per share

Pursuant to Initial Public Offer ("IPO"), the calculation of the earnings per share attributable to the ordinary owners of the Company is based on the following data:

	Group	
	2017	2016
Earnings per ordinary share ("EPS")		
Profit attributable to owners of the Company ($'000)	**5,172**	5,942
Weighted average number of ordinary shares for purpose of earnings per share	**202,256,124[1]**	202,256,124[1]
EPS – Basic and diluted (cents)	**2.56**	2.94

Note:

(1) For comparative purposes, the earnings per share for the respective financial years have been computed based on the profit attributable to owners of the Company and the Company's enlarged share capital of 202,256,124 shares assuming that the following had been completed as at the end of the respective years:

(a) sub-division of 8,255,352 shares in the capital of the Company into 202,256,124 shares.

There were no dilutive equity instruments for 2017 and 2016.

22 Dividends

During the year ended March 31, 2017, a subsidiary declared a one-tier tax exempt interim dividend of $5.33 per share (total $8,000,000) to the shareholders.

During the year ended March 31, 2016, a subsidiary declared a one-tier, tax exempt interim dividend of $0.67 per share (total $1,000,000) to the shareholders.

23 Operating lease arrangements

The Group as lessor

The Group rents out a property under an operating lease. Rental income earned during the year ended March 31, 2017 by the Group is $28,335 (2016: $Nil).

At the end of the reporting periods, the Group has contracted with a tenant for the following future minimum lease income:

	2017 **$'000**	2016 $'000
Less than one year	**82**	–
In the second to fifth years inclusive	**47**	–
	129	–

The Group as lessee

	2017 **$'000**	2016 $'000
Payment recognised as an expense during the year:		
Minimum lease payments under operating leases	**1,008**	960

At the end of the reporting periods, the Group has outstanding commitments under non-cancellable operating leases of dormitory and office which fall due as follows:

	2017 **$'000**	2016 $'000
Less than one year	**631**	497

Leases are negotiated for an average term of one year and rentals are fixed for the duration of the lease.

NOTES TO COMBINED
FINANCIAL STATEMENTS

MARCH 31, 2017

24 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 goods and services supplied. This forms the basis of identifying the segments of the Group under FRS 108 *Operating segments* as follows:

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.

Segment revenue and results

	2017 **$'000**	2016 $'000
Revenue – EPC	**43,793**	31,975
Revenue – O&M	**20,521**	25,289
Total revenue	**64,314**	57,264
Profit – EPC	**4,448**	3,835
Profit – O&M	**5,951**	7,413
Total profit	**10,399**	11,248
Unallocated corporate expenses	**(3,451)**	(3,485)
Depreciation	**(492)**	(414)
Interest income	**47**	8
Finance costs	**(234)**	(172)
Profit before tax	**6,269**	7,185
Income tax	**(1,055)**	(1,287)
Profit for the year	**5,214**	5,898

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year.

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 expense. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

24 Segment information *(Continued)*

Segment revenue and results *(Continued)*

Geographical information

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

Information about major customers

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

	2017 **$'000**	2016 $'000
Customer A (EPC and O&M)	**63,738**	49,095
Customer B (EPC and O&M)	**263**	7,297

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.

25 Interests in a joint operation

During the year end March 31, 2017, the Group entered into a material 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.

26 New and revised standards and standards not yet effective

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Group were issued but not effective:

- FRS 109 *Financial Instruments*[1]
- FRS 115 *Revenue from Contracts with Customers*[1]
- FRS 116 *Leases*[2]

1 Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

2 Applies to annual periods beginning on or after January 1, 2019, with early application permitted conditional upon application of FRS 115 at or before the date of initial application of FRS 116.

26 New and revised standards and standards not yet effective *(Continued)*

FRS 109 *Financial Instruments*

FRS 109 Financial Instruments replaces FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

Key requirements of FRS 109 that are relevant to the Group:

- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Management has preliminarily assessed that the adoption of FRS 109 in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of its initial adoption.

FRS 115 *Revenue from Contracts with Customers*

In November 2015, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, and the related interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.

- Step 2: Identify the performance obligations in the contract.

- Step 3: Determine the transaction price.

- Step 4: Allocate the transaction price to be the performance obligations in the contract.

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when control of the goods or services underlying the particular performance obligation is transferred to the customer. More perspective guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

26 New and revised standards and standards not yet effective *(Continued)*

FRS 115 *Revenue from Contracts with Customers* *(Continued)*

In June 2016, amendments to FRS 115 was issued to provide clarifications on (i) identifying performance obligations (ii) principal versus agent considerations and (iii) licensing application guidance. The amendments also included two additional transition reliefs on contract modifications and completed contracts.

The Group recognises revenue from engineering, procurement and construction contracts as well as operations and maintenance services relating to water and waste management.

With regards to revenue from engineering, procurement and construction contracts, management has preliminarily assessed that revenue from engineering, procurement and construction contracts should be recognised over time as and that the method used to measure the progress towards complete satisfaction of these performance obligations will continue to be appropriate under FRS 115.

With regards to revenue from operations and maintenance services, management has preliminarily assessed that revenue from operations and maintenance services should be recognised when control over the corresponding goods and services is transferred to the customer.

Management is still in the process of assessing the full impact of the application of FRS 115 on the Group’s financial statements and it is not practicable to provide a reasonable estimate of the effect until the directors complete the detailed review. As a result, the above preliminary assessment is subject to change. Management does not intend to early apply the standard and intend to use the full retrospective method upon adoption.

FRS 116 *Leases*

FRS 116 was issued in June 2016 and it will supersede FRS 17 *Leases* and its associated interpretative guidance.

The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Management has preliminarily assessed that the adoption of FRS 116 in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of its initial adoption. Note 23 provides an indication of the nature and extent of lease commitments which fall within FRS 116.

26 New and revised standards and standards not yet effective *(Continued)*

IFRS Convergence in 2018

Singapore-incorporated companies listed on the SGX-ST will be required to apply a new Singapore financial reporting framework that is identical to the International Financial Reporting Standards ("IFRS") for annual periods beginning on or after January 1, 2018. The Group will be adopting the new framework for the first time for financial year ending March 31, 2019, with retrospective application to the comparative financial year ending March 31, 2018 and the opening statement of financial position as at April 1, 2017 (date of transition).

Based on a preliminary assessment of the potential impact arising from IFRS 1 First-time adoption of IFRS, management does not expect any changes to the Group's current accounting policies or material adjustments on transition to the new framework, other than those that may arise from implementing new/revised IFRSs.

The preliminary assessment above may be subject to change arising from the detailed analysis.

27 Events after the reporting period

Pursuant to written resolutions dated May 9, 2017, the shareholders approved, inter alia, the following:

(a) the sub-division of 8,255,352 shares in the issued and paid-up share capital of the Company into 202,256,124 shares;

(b) the conversion of the Company into a public company limited by shares and the consequential change of name to "Sanli Environmental Limited";

(c) the adoption of a new set of constitution;

(d) the issue of the new shares pursuant to the invitation, which when allotted, issued and fully paid, will rank pari passu in all respects with the existing issued shares; and

(e) that authority be given to the directors to:

 (A) (i) allot and issue shares in the capital of the Company 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 and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

 at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

 (B) (notwithstanding that this authority may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the directors while this authority was in force,

NOTES TO COMBINED **FINANCIAL STATEMENTS**

27 Events after the reporting period *(Continued)*

provided that:

(1) the aggregate number of shares to be issued pursuant to this authority (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below) ("Issued Shares"), of which the aggregate number of shares to be issued other than on a pro rata basis to our existing shareholders (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 50% of the total number of issued shares;

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company immediately following the close of the Invitation, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this authority is given; and

(iii) any subsequent bonus issue, consolidation or sub-division of shares;

(3) in exercising the authority conferred, 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 the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) this authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

On June 8, 2017, the Company was listed on the Catalist Board of SGX-ST.

28 Comparative figures

The combined financial statements of the Group for the years ended March 31, 2016 and 2017 are prepared based on merger accounting method as if the Group, who is ultimately controlled collectively by the common shareholders, both before and after the Restructuring Exercise.

The financial statements of the Company cover the financial period since incorporation on February 27, 2017 to March 31, 2017. This being the first set of financial statements for the Company, there are no comparative figures.

STATISTICS OF SHAREHOLDINGS

AS AT 23 JUNE 2017

Class of shares	:	Ordinary shares
No. of issued shares	:	268,657,813
Voting rights	:	One vote per ordinary share
No. of treasury shares	:	Nil
No. of subsidiary holders	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	70	8.92	181,700	0.07
1,001 – 10,000	382	48.66	2,158,000	0.80
10,001 – 1,000,000	323	41.15	24,054,978	8.95
1,000,001 AND ABOVE	10	1.27	242,263,135	90.18
TOTAL	**785**	**100.00**	**268,657,813**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	TYPHA HOLDINGS PTE. LTD.	146,473,846	54.52
2	VANDA 1 INVESTMENTS PTE LTD	21,401,689	7.97
3	RAFFLES NOMINEES (PTE) LIMITED	13,821,900	5.14
4	SIM HOCK HENG	13,282,675	4.94
5	PEK KIAN BOON	13,282,675	4.94
6	KEW BOON KEE	13,282,675	4.94
7	LEE TIEN CHIAT	13,282,675	4.94
8	JEREMY LEE SHENG POH	5,200,000	1.94
9	DBS NOMINEES (PRIVATE) LIMITED	1,185,000	0.44
10	SHOO SOOK FUN	1,050,000	0.39
11	OCBC SECURITIES PRIVATE LIMITED	737,000	0.27
12	AW CHI-KEN BENJAMIN	700,000	0.26
13	TOH CHIEW KHIM	675,000	0.25
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	635,100	0.24
15	LIM CHIN HOCK	600,000	0.22
16	OH CHARLES	575,000	0.21
17	JON GOH KOK YEW	500,000	0.19
18	KOH KIA NGUAN	427,200	0.16
19	WONG CHIN YIOW	400,000	0.15
20	KOH ENG HONG	380,000	0.14
	TOTAL	**247,892,435**	**92.25**

STATISTICS OF
SHAREHOLDINGS

AS AT 23 JUNE 2017

SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on the information available above, approximately 12.30% 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

		DIRECT INTEREST		DEEMED INTEREST	
NO.	NAME	NO. OF SHARES	%	NO. OF SHARES	%
1.	Typha Holdings Pte. Ltd.(1)	146,473,846	54.52	–	–
2.	Vanda 1 Investments Pte. Ltd.(3)	21,401,689	7.97	–	–
3.	ICH Gemini Asia Growth Fund Pte. Ltd.	13,600,000	5.06	–	–
4.	Sim Hock Heng(1)	13,282,675	4.94	146,473,846(1)	54.52(1)
5.	Pek Kian Boon(1)(2)	13,282,675	4.94	147,523,846(1)(2)	54.91(1)(2)
6.	Kew Boon Kee(1)	13,282,675	4.94	146,473,846(1)	54.52(1)
7.	Lee Tien Chiat(1)	13,282,675	4.94	146,473,846(1)	54.52(1)
8.	Heliconia Capital Management Pte. Ltd.(3)	–	–	21,401,689(3)	7.97(3)
9.	Heliconia Holdings Pte. Ltd.(3)	–	–	21,401,689(3)	7.97(3)
10.	Seletar Fund Investments Pte Ltd(3)	–	–	21,401,689(3)	7.97(3)
11.	Fullerton Fund Investments Pte Ltd(3)	–	–	21,401,689(3)	7.97(3)
12.	Temasek Holdings (Private) Limited(3)	–	–	21,401,689(3)	7.97(3)

Notes:

(1) Mr Sim Hock Heng, Mr Pek Kian Boon, Mr Kew Boon Kee and Mr Lee Tien Chiat are deemed interested in the 146,473,846 shares held by Typha Holdings Pte. Ltd. ("Typha Holdings"). Each Executive Director owns 25% shares of Typha Holdings.

(2) Mr Pek Kian Boon is deemed interested in the 1,050,000 shares held by his spouse, Ms Shoo Sook Fun.

(3) Heliconia Capital Management Pte. Ltd., Heliconia Holdings Pte. Ltd., Seletar Fund Investments Pte Ltd, Fullerton Fund Investment Pte Ltd and Temasek Holdings (Private) Limited are deemed interested in the 21,401,689 shares held by Vanda 1 Investments Pte Ltd.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of SANLI ENVIRONMENTAL LIMITED (the "Company") will be held at YMCA of Singapore, 1 Orchard Road, Singapore 238824 on Friday, 28 July 2017 at 10.00 a.m., to transact the following business:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Statement and Audited Combined Financial Statements of the Company for the financial year ended 31 March 2017 together with the Independent Auditor's Report thereon. **Resolution 1**

2. To re-elect Mr Ng Lip Chi, Lawrence, a Director retiring pursuant to Regulation 118 of the Company's Constitution. **Resolution 2**
   [See Explanatory Note (a)]

3. To re-elect Mr Sim Hock Heng, a Director retiring pursuant to Regulation 118 of the Company's Constitution. **Resolution 3**
   [See Explanatory Note (b)]

4. To re-elect Mr Pek Kian Boon, a Director retiring pursuant to Regulation 118 of the Company's Constitution. **Resolution 4**
   [See Explanatory Note (c)]

5. To re-elect Mr Kew Boon Kee, a Director retiring pursuant to Regulation 118 of the Company's Constitution. **Resolution 5**
   [See Explanatory Note (d)]

6. To re-elect Mr Lee Tien Chiat, a Director retiring pursuant to Regulation 118 of the Company's Constitution. **Resolution 6**
   [See Explanatory Note (e)]

7. To re-elect Ms Elaine Beh Pur-Lin, a Director retiring pursuant to Regulation 118 of the Company's Constitution. **Resolution 7**
   [See Explanatory Note (f)]

8. To re-elect Mr Chan Hock Leong, a Director retiring pursuant to Regulation 118 of the Company's Constitution. **Resolution 8**
   [See Explanatory Note (g)]

9. To re-appoint Messrs Deloitte & Touche LLP, as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 9**

10. To transact any other ordinary business that may properly be transacted at an Annual General Meeting.

NOTICE OF 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:–

11. Authority to allot and issue shares **Resolution 10**

“That pursuant to Section 161 of the Companies Act, Cap. 50 (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 capitalisation 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);

NOTICE OF ANNUAL GENERAL MEETING

(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 of 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.”

By Order Of The Board

Goh Siew Geok (Ms)
Company Secretary
13 July 2017

NOTICE OF
ANNUAL GENERAL MEETING

Explanatory Notes:

(a) In relation to Ordinary Resolution 2, Mr Ng Lip Chi, Lawrence, will be retiring from office at the AGM pursuant to Regulation 118 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" and "Corporate Governance Report" of the Company's 2017 Annual Report for more information relating to Mr Lawrence Ng. Mr Lawrence 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 a member of the Audit Committee. Mr Lawrence Ng is considered independent for purposes of Rule 704(7) of the Catalist Rules.

(b) In relation to Ordinary Resolution 3, Mr Sim Hock Heng, will be retiring from office at the AGM pursuant to Regulation 118 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" and "Corporate Governance Report" of the Company's 2017 Annual Report for more information relating to Mr Sim. There are no relationships (including immediate family relationships) between Mr Sim and other directors of the Company. Mr Sim will, upon re-election, continue to serve as Chief Executive Officer of the Company.

(c) In relation to Ordinary Resolution 4, Mr Pek Kian Boon, will be retiring from office at the AGM pursuant to Regulation 118 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" and "Corporate Governance Report" of the Company's 2017 Annual Report for more information relating to Mr Pek. There are no relationships (including immediate family relationships) between Mr Pek and other directors of the Company. Mr Pek will, upon re-election, continue to serve as Executive Director of the Company.

(d) In relation to Ordinary Resolution 5, Mr Kew Boon Kee, will be retiring from office at the AGM pursuant to Regulation 118 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" and "Corporate Governance Report" of the Company's 2017 Annual Report for more information relating to Mr Kew. There are no relationships (including immediate family relationships) between Mr Kew and other directors of the Company. Mr Kew will, upon re-election, continue to serve as Executive Director of the Company.

(e) In relation to Ordinary Resolution 6, Mr Lee Tien Chiat, will be retiring from office at the AGM pursuant to Regulation 118 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" and "Corporate Governance Report" of the Company's 2017 Annual Report for more information relating to Mr Lee. There are no relationships (including immediate family relationships) between Mr Lee and other directors of the Company. Mr Lee will, upon re-election, continue to serve as Executive Director of the Company.

(f) In relation to Ordinary Resolution 7, Ms Elaine Beh Pur-Lin, will be retiring from office at the AGM pursuant to Regulation 118 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" and "Corporate Governance Report" of the Company's 2017 Annual Report for more information relating to Ms Elaine Beh. Ms Elaine Beh will, upon re-election, continue to serve as the chairman of the Nominating Committee, a member of the Remuneration Committee and a member of the Audit Committee. Ms Elaine Beh is considered independent for purposes of Rule 704(7) of the Catalist Rules.

NOTICE OF
ANNUAL GENERAL MEETING

(g) In relation to Ordinary Resolution 8, Mr Chan Hock Leong, will be retiring from office at the AGM pursuant to Regulation 118 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" and "Corporate Governance Report" of the Company's 2017 Annual Report for more information relating to Mr Chan. Mr Chan will, upon re-election, continue to serve as the Chairman of the Audit Committee, a member of the Nominating Committee and a member of the Remuneration Committee. Mr Chan 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 resolution under the heading "Special Business" in this Notice of the AGM are:

The Ordinary Resolution 10 above, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting 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 allot and 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.

Notes:

(i) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

(ii) Relevant Intermediaries (as defined in the Act), such as banks and capital markets services licence holders which provide custodial services and are members of the Company may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the member.

(iii) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

(iv) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the office of the Share Registrar of the Company, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not later than 72 hours before the time appointed for the holding of the Annual General Meeting.

(v) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, or by attending the Annual General Meeting, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) 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 breach of warranty. In addition, by attending the Annual General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for any of the Purposes.

This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), SAC Capital Private Limited, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The Sponsor has not independently verified the contents of this notice. This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made, or reports contained in this notice.

The contact person for the Sponsor is Mr Ong Hwee Li (Telephone: (65) 6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542. SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.

SANLI ENVIRONMENTAL LIMITED

Company Registration No. 201705316M
(Incorporated in the Republic of Singapore)

Important

1. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person, CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

(Please see notes overleaf before completing this Form)

*I/We, ______________________ (*Name*) *NRIC/Passport No./Company Registration No. ____________

of ____ (*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			

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 YMCA of Singapore, 1 Orchard Road, Singapore 238824 on Friday, 28 July 2017 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 are given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they may on any other matter arising at the AGM.

(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.)

Ordinary Resolutions	**For**	**Against**
To receive and adopt the Directors' Statement and Audited Combined Financial Statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 March 2017 together with the Independent Auditor's Report thereon. **(Resolution 1)**		
To re-elect Mr Ng Lip Chi, Lawrence, a Director retiring pursuant to Regulation 118 of the Company's Constitution. **(Resolution 2)**		
To re-elect Mr Sim Hock Heng, a Director retiring pursuant to Regulation 118 of the Company's Constitution. **(Resolution 3)**		
To re-elect Mr Pek Kian Boon, a Director retiring pursuant to Regulation 118 of the Company's Constitution. **(Resolution 4)**		
To re-elect Mr Kew Boon Kee, a Director retiring pursuant to Regulation 118 of the Company's Constitution. **(Resolution 5)**		
To re-elect Mr Lee Tien Chiat, a Director retiring pursuant to Regulation 118 of the Company's Constitution. **(Resolution 6)**		
To re-elect Ms Elaine Beh Pur-Lin, a Director retiring pursuant to Regulation 118 of the Company's Constitution. **(Resolution 7)**		
To re-elect Mr Chan Hock Leong, a Director retiring pursuant to Regulation 118 of the Company's Constitution. **(Resolution 8)**		
To re-appoint Messrs Deloitte & Touche LLP, as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 9)**		
To authorise Directors to allot and issue shares. **(Resolution 10)**		

Dated this ________ day of ______________ 2017.

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 member (other than a Relevant Intermediary) entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

3. A member of the Company who is a Relevant Intermediary entitled to attend and vote at the AGM of the Company is entitled to appoint more than two (2) proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

   "**Relevant Intermediary**" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. The instrument appointing a proxy or proxies must be deposited at the office of the Share Registrar of the Company, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time set for the meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies 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 or proxies 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 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, Cap. 50.

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 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

9. An investor who buys shares using CPF monies (''CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

SANLI ENVIRONMENTAL LIMITED
(Incorporated in the Republic of Singapore on 27 February 2017)
(Company Registration Number: 201705316M)

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