



SANLI ENVIRONMENTAL LIMITED

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

INVITATION IN RESPECT OF 52,000,000 NEW SHARES COMPRISING:

- (i) 2,500,000 Offer Shares at S\$0.225 for each Offer Share by way of public offer; and
- (ii) 49,500,000 Placement Shares at S\$0.225 for each Placement Share by way of placement, comprising:
 - (a) 45,000,000 Placement Shares at S\$0.225 for each Placement Share; and
 - (b) 4,500,000 Reserved Shares at S\$0.225 for each Reserved Share reserved for subscription by our Directors, employees and business associates who have contributed to the success of our Group, payable in full on application.

OFFER DOCUMENT DATED 30 MAY 2017

(Registered by the Singapore Exchange Securities Trading Limited acting as agent on behalf of the Monetary Authority of Singapore on 30 May 2017)

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax, or other professional adviser(s).

An application has been made by SAC Capital Private Limited (the “Sponsor” and “Issue Manager”) to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for permission to deal in and for quotation of all the ordinary shares (the “Shares”) in the capital of Sanli Environmental Limited (the “Company”) already issued and the new Shares (the “New Shares”) which are the subject of this Invitation (as defined herein) on Catalyst. The dealing in and quotation of our Shares and the New Shares will be in Singapore dollars.

Companies listed on Catalyst may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalyst without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalyst. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

This Invitation is made in or accompanied by this Offer Document that has been registered by the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore (the “Authority”). We have not lodged or registered this Offer Document in any other jurisdiction.

Neither the Authority nor the SGX-ST has examined or approved the contents of this Offer Document. Neither the Authority nor the SGX-ST assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The SGX-ST does not normally review the application for admission to Catalyst but relies on the Sponsor confirming that the listing applicant is suitable to be listed and complies with the Catalyst Rules. Neither the Authority nor the SGX-ST has in any way considered the merits of the New Shares being offered for investment.

The registration of this Offer Document by the SGX-ST does not imply that the Securities and Futures Act (Chapter 289) of Singapore, or any other legal or regulatory requirements, or requirements under the SGX-ST’s listing rules, have been complied with.

Acceptance of applications will be conditional upon the issue of the New Shares and upon permission being granted by the SGX-ST for the listing and quotation of all the existing issued Shares of our Company and the New Shares on Catalyst. Monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, if the admission and listing do not proceed, and you will not have any claims against us or the Sponsor, Issue Manager, Underwriter and Placement Agent (as defined herein).

After the expiration of six months from the date of registration of this Offer Document, no person shall make an offer of securities, or allot, issue or sell any securities, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any securities or the allotment, issue or sale of any securities, on the basis of this Offer Document.

Investing in our Shares involves risks which are described in the “RISK FACTORS” section of this Offer Document. In particular, we depend substantially on demand from the public sector for a major part of our revenue. In FY2014, FY2015, FY2016 and 9M2017, our revenue from our largest customer, PUB, accounted for approximately 75.8%, 78.2%, 85.7% and 99.0% respectively of our Group’s revenue. Please refer to the “RISK FACTORS” section of this Offer Document for further details.

Sponsor, Issue Manager, Underwriter and Placement Agent



SAC CAPITAL PRIVATE LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200401542N)



AN ENVIRONMENTAL ENGINEERING COMPANY IN THE FIELD OF WATER AND WASTE MANAGEMENT

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:

- (a) Engineering, Procurement and Construction, and
- (b) Operations and Maintenance.

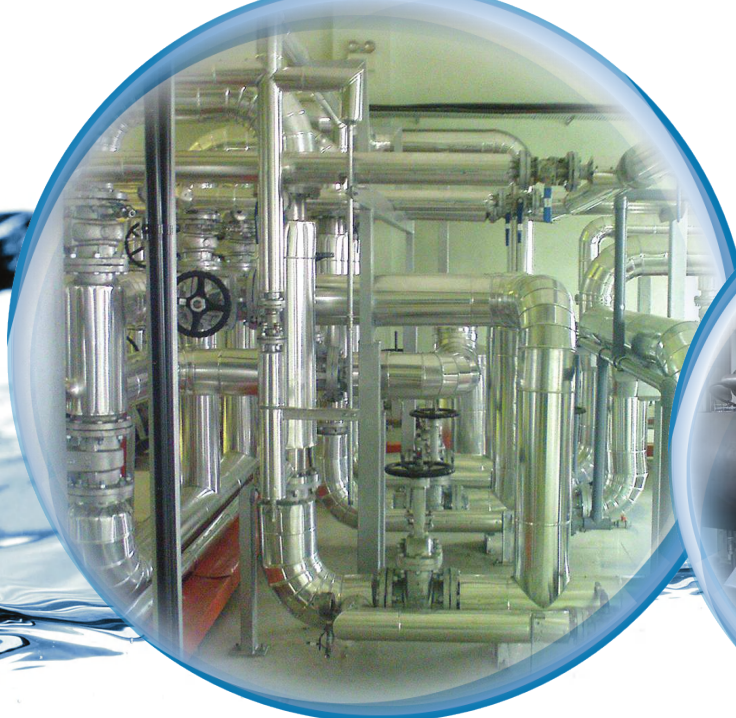
OUR BUSINESS SEGMENTS

ENGINEERING, PROCUREMENT AND CONSTRUCTION

- We provide engineering, procurement and construction services within the field of water and waste management.
- Our services include process upgrading of existing water treatment plants, upgrading of pumping station capacities, replacement of aged 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.



OUR COMPETITIVE STRENGTHS

ESTABLISHED TRACK RECORD AND STRONG TECHNICAL EXPERTISE

- Track record of repeatedly winning public sector tenders since our incorporation is a testament to the quality of our Group's solutions and services.
- Reputation as a reliable and responsive environmental engineering solutions and services provider, consistent quality of solutions and services, competitive pricing and good relationship with customers enable our Group to be competitive.
- Significant barriers of entry in the industry, as substantial technical expertise is required to execute projects.

PROVIDES INTEGRATED ENGINEERING SOLUTIONS AND SERVICES

- Ability to integrate mechanical, electrical and process engineering know-how to provide total water and waste management solutions to our customers.
- Expertise of our Group's in-house engineers in waste and water treatment solutions enable us to provide cost and time efficient integrated engineering solutions and services according to customers' requirements.
- Strong engineering capabilities have enabled us to undertake various projects to customise solutions based on our customers' requirements.
- Ability to provide integrated engineering solutions and services reduces reliance on external parties and enables us to bid for more varied projects.

STRONG BUSINESS RELATIONSHIPS WITH CUSTOMERS, SUPPLIERS AND SUB-CONTRACTORS

- Established strong relationships with our customers by delivering quality solutions and services.
- Firm reputation in providing reliable water and waste management solutions and services.
- Repeat customers such as PUB and NEA are a testament to the high level of customer satisfaction and the quality and reliability of our water and waste management solutions and services.
- Cultivated strong relationships with suppliers and sub-contractors over the years, which enable us to respond to the needs of our customers in a timely and cost-effective manner.

EXPERIENCED AND COMMITTED MANAGEMENT TEAM AND A POOL OF DEDICATED EMPLOYEES

- Our management team possesses extensive experience, technical expertise and valuable business relationships with the market players in the business of environmental engineering.
- Our Chief Executive Officer and Executive Directors each has approximately 20 years of experience in the industry.
- Our Directors are supported by our Executive Officers, an experienced and dedicated team of project managers, engineers and employees who are committed to fostering strong relationships with customers and suppliers.

PROSPECTS

SINGAPORE MUNICIPAL SECTOR (BY 2060)

- Singapore's water use is expected to more than double from about 430 million gallons a day.
- NEWater is expected to meet up to 55% of Singapore's future water demand.
 - To facilitate such a plan, a super highway for used water management, the Deep Tunnel Sewerage System (DTSS) has been implemented.
- PUB plans to triple Singapore's desalination capacity to meet up to 30% of the nation's future water needs.

INDUSTRIAL SECTOR

- By 2060, the non-domestic sector will account for 70% of Singapore's water demand, up from 55% currently.
- Managing industrial water use will become a priority for many water-intensive businesses operating in Singapore, including petrochemicals, electronics and pharmaceuticals.
- Industrial players will need to expand or enhance their respective water or wastewater treatment facilities, creating new business opportunities for companies serving the water and wastewater management industry.

ASEAN

- Our Directors believe that there are business opportunities in residential township areas and industrial areas for industry professionals to invest, build and operate privately-owned water treatment facilities in various ASEAN countries such as Malaysia, Myanmar, Vietnam and Indonesia.

BUSINESS STRATEGIES AND FUTURE PLANS

1

CAPITALISING ON OUR ESTABLISHED TRACK RECORD TO SECURE MORE PROJECTS AND PROJECTS OF A LARGER SCALE

- We intend to capitalise on our established track record to secure more projects and projects of a larger scale so as to increase our market share in the industry.
- We believe that the Singapore government's initiatives and the development plans for the water and wastewater industry will create business opportunities for our Group.
- We intend to use S\$5.74 million of the net proceeds from the Invitation as working capital to allow our Group to undertake more projects and projects of a larger scale.

2

EXPANDING OUR BUSINESS PREMISES

- We intend to acquire new business premises to increase our office and workshop space for our business expansion.
- We have exercised an option in February 2017 to purchase the New Property.
- We intend to use S\$2.92 million of the net proceeds from the Invitation to partially finance the acquisition and renovation of the New Property.

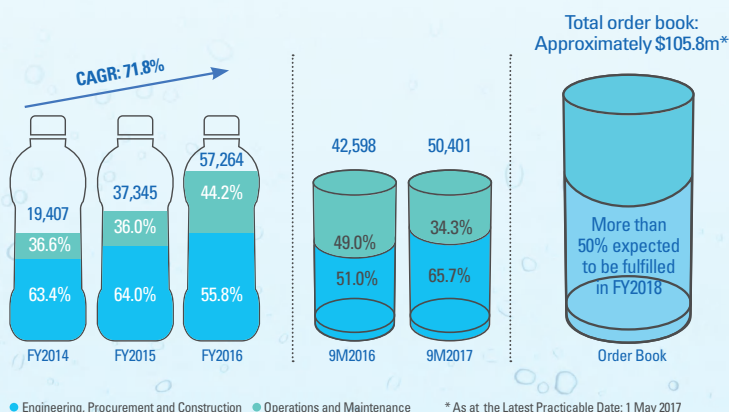
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INVESTING IN A BUSINESS DEVELOPMENT DEPARTMENT

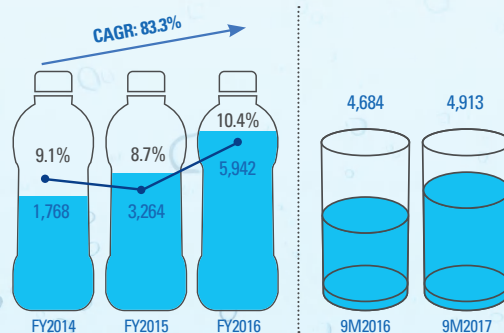
- We intend to leverage on our technical knowledge, industry experience and track record to secure more contracts from customers in the industrial sector, to further strengthen our market position in Singapore.
- We intend to expand into the industrial and public sectors in neighbouring ASEAN countries such as Malaysia, Myanmar, Vietnam and Indonesia.
- We intend to use S\$1.06 million of the net proceeds from the Invitation to invest in a business development department and engage qualified employees to explore opportunities both locally and in the Southeast Asian region.

FINANCIAL HIGHLIGHTS

REVENUE (S\$'000)



PROFITABILITY (S\$'000)



FY: Financial year ended 31 March
9M: Nine-Month period ended 31 December
CAGR: Compounded Annual Growth Rate

Net Margin
Net Profit attributable to owners of the Company

CONTENTS

	Page
CORPORATE INFORMATION	5
DEFINITIONS	7
GLOSSARY OF TECHNICAL TERMS	15
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS	16
SELLING RESTRICTIONS	18
DETAILS OF THE INVITATION	
LISTING ON CATALIST	19
INDICATIVE TIMETABLE FOR LISTING	23
OFFER DOCUMENT SUMMARY	
OVERVIEW OF OUR GROUP	25
SUMMARY OF OUR FINANCIAL INFORMATION	28
THE INVITATION	30
PLAN OF DISTRIBUTION	32
USE OF PROCEEDS FROM THE INVITATION AND LISTING EXPENSES INCURRED ..	34
SPONSORSHIP, MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS	36
RISK FACTORS	39
INVITATION STATISTICS	55
DILUTION	56
CAPITALISATION AND INDEBTEDNESS	58
DIVIDEND POLICY	61
SELECTED COMBINED FINANCIAL INFORMATION	62
MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION	
OVERVIEW	68
SEASONALITY	73
INFLATION	73
REVIEW OF RESULTS OF OPERATIONS	73
REVIEW OF FINANCIAL POSITION	80
LIQUIDITY AND CAPITAL RESOURCES	86
FOREIGN EXCHANGE MANAGEMENT	90
CHANGES IN ACCOUNTING POLICIES	90

CONTENTS

GENERAL INFORMATION ON OUR GROUP

SHARE CAPITAL	92
RESTRUCTURING EXERCISE	94
GROUP STRUCTURE	96
SHAREHOLDERS	98
MORATORIUM	99

HISTORY	102
----------------------	------------

BUSINESS

BUSINESS OVERVIEW	105
OUR PAST AND EXISTING PROJECTS	106
WORK PROCESS	108
QUALITY AND SAFETY ASSURANCE	112
BUSINESS DEVELOPMENT	114
MAJOR CUSTOMERS	115
MAJOR SUPPLIERS	116
CREDIT MANAGEMENT	117
RESEARCH AND DEVELOPMENT	119
INTELLECTUAL PROPERTY	119
MATERIALS MANAGEMENT	119
PROPERTIES AND FIXED ASSETS	120
STAFF TRAINING	124
INSURANCE	125
CORPORATE SOCIAL RESPONSIBILITY	125
COMPETITION	126
COMPETITIVE STRENGTHS	127

PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

PROSPECTS	129
TREND INFORMATION	131
ORDER BOOK	132
BUSINESS STRATEGIES AND FUTURE PLANS	133

GOVERNMENT REGULATIONS	134
-------------------------------------	------------

EXCHANGE CONTROLS	142
--------------------------------	------------

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

MANAGEMENT REPORTING STRUCTURE	144
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CONTENTS

DIRECTORS	145
EXECUTIVE OFFICERS	149
EMPLOYEES	150
REMUNERATION OF DIRECTORS, EXECUTIVE OFFICERS AND RELATED EMPLOYEES	151
SERVICE AGREEMENTS	152
CORPORATE GOVERNANCE	154
INTERESTED PERSON TRANSACTIONS	
OVERVIEW	159
PAST INTERESTED PERSON TRANSACTIONS	159
PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS	161
REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS	163
POTENTIAL CONFLICTS OF INTERESTS	
INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS OR THEIR ASSOCIATES	166
INTERESTS OF EXPERTS	166
INTERESTS OF THE SPONSOR, ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT	166
CLEARANCE AND SETTLEMENT	167
GENERAL AND STATUTORY INFORMATION	
INFORMATION ON DIRECTORS, EXECUTIVE OFFICERS AND CONTROLLING SHAREHOLDERS	168
SHARE CAPITAL	169
MATERIAL CONTRACTS	170
LITIGATION	170
MISCELLANEOUS	170
CONSENTS	171
DOCUMENTS AVAILABLE FOR INSPECTION	171
RESPONSIBILITY STATEMENT BY DIRECTORS OF OUR COMPANY	172
APPENDIX A	
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016 AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016	A-1

CONTENTS

APPENDIX B

INDEPENDENT AUDITORS' REPORT AND THE COMPILATION OF THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2016 AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016	B-1
--	-----

APPENDIX C

SUMMARY OF CONSTITUTION OF OUR COMPANY	C-1
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APPENDIX D

DESCRIPTION OF OUR SHARES	D-1
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APPENDIX E

TAXATION	E-1
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APPENDIX F

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCE ..	F-1
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CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Ng Lip Chi, Lawrence (Non-Executive Chairman and Independent Director) Sim Hock Heng (Chief Executive Officer) Kew Boon Kee (Executive Director) Pek Kian Boon (Executive Director) Lee Tien Chiat (Executive Director) Chan Hock Leong (Independent Director) Elaine Beh Pur-Lin (Independent Director)
COMPANY SECRETARIES	:	Goh Siew Geok ACS, ACIS Chong Wai Ching ACS, ACIS
REGISTERED OFFICE	:	15 Kian Teck Drive Singapore 628832
SHARE REGISTRAR AND SHARE TRANSFER OFFICE	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
SPONSOR, ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT	:	SAC Capital Private Limited 1 Robinson Road #21-02 AIA Tower Singapore 048542
INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS	:	Deloitte & Touche LLP 6 Shenton Way #33-00 OUE Downtown 2 Singapore 068809 Partner-in-charge: Toh Yew Kuan Jeremy (A member of the Institute of Singapore Chartered Accountants)
SOLICITORS TO THE INVITATION	:	Vincent Lim & Associates LLC 18 Cross Street #07-11 China Square Central Singapore 048423
LEGAL ADVISERS TO THE COMPANY ON MALAYSIAN LAW	:	Christopher & Lee Ong Level 22 Axiata Tower No. 9 Jalan Stesen Sentral 5 Kuala Lumpur Sentral 50470 Kuala Lumpur Malaysia
RECEIVING BANK	:	The Bank of East Asia, Singapore Branch 60 Robinson Road BEA Building Singapore 068892

CORPORATE INFORMATION

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

DEFINITIONS

In this Offer Document and the accompanying Application Forms and, in relation to Electronic Applications, the instructions appearing on the screens of the ATMs of Participating Banks or the IB websites of the relevant Participating Banks, unless the context otherwise requires, the following definitions apply throughout:

Companies within our Group

<i>“Company”</i>	:	Sanli Environmental Limited
<i>“Sanli Engineering”</i>	:	Sanli M&E Engineering Pte. Ltd.
<i>“Sanli Malaysia”</i>	:	Sanli M&E Engineering Sdn. Bhd.
<i>“Group”</i>	:	Our Company and our subsidiaries, Sanli Engineering and Sanli Malaysia

Other Corporations and Organisations

<i>“Authority” or “MAS”</i>	:	The Monetary Authority of Singapore
<i>“BCA”</i>	:	Building and Construction Authority, an agency under the Ministry of National Development, responsible for the development of buildings, structures and infrastructure in Singapore
<i>“Catalist”</i>	:	The sponsor-supervised listing platform of the SGX-ST
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“CPF”</i>	:	The Central Provident Fund
<i>“ISO”</i>	:	International Organisation for Standardisation, a worldwide federation of national standards bodies
<i>“MOM”</i>	:	Ministry of Manpower
<i>“NEA”</i>	:	National Environment Agency
<i>“PUB”</i>	:	Public Utilities Board
<i>“SGX-ST” or “Exchange”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Sponsor”, “Issue Manager”, “Underwriter”, “Placement Agent” or “SAC Capital”</i>	:	SAC Capital Private Limited
<i>“TechComm Global”</i>	:	TechComm Global Pte. Ltd.
<i>“Typha Holdings”</i>	:	Typha Holdings Pte. Ltd.

DEFINITIONS

General

- “9M”* : Nine months ended or ending 31 December, as the case may be
- “Act” or “Companies Act”* : The Companies Act (Chapter 50) of Singapore as amended, supplemented or modified from time to time
- “Application Forms”* : The printed application forms to be used for the purpose of the Invitation and which form part of this Offer Document
- “Application List”* : The list of applications for subscription of the New Shares
- “Associate”* : (a) in relation to an entity, means:
- (i) in a case where the entity is a substantial shareholder, controlling shareholder, substantial interest-holder or controlling interest-holder, its related corporation, related entity, associated company or associated entity; or
 - (ii) in any other case, (A) a director or an equivalent person, (B) where the entity is a corporation, a controlling shareholder of the entity, (C) where the entity is not a corporation, a controlling interest-holder of the entity, (D) a subsidiary, a subsidiary entity, an associated company, or an associated entity, or (E) a subsidiary, a subsidiary entity, an associated company, or an associated entity, of the controlling shareholder or controlling interest-holder, as the case may be,
- of the entity; and
- (b) in relation to an individual, means:
- (i) his immediate family (being spouse, child, adopted child, step-child, sibling and parent);
 - (ii) a trustee of any trust of which the individual or any member of the individual’s immediate family is (A) a beneficiary; or (B) where the trust is a discretionary trust, a discretionary object, when the trustee acts in that capacity; or
 - (iii) any corporation in which he and his immediate family (whether directly or indirectly) have interests in voting shares of an aggregate of not less than 30% of the total votes attached to all voting shares

DEFINITIONS

		The terms “associated company”, “associated entity”, “controlling interest-holder”, “controlling shareholder”, “related corporation”, “related entity”, “subsidiary”, “subsidiary entity” and “substantial interest-holder” in the above definition of “Associate” shall have the same meanings ascribed to them respectively in the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005
“ASEAN”	:	Association of Southeast Asian Nations, comprising Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam
“associated company”	:	A company in which at least 20% but not more than 50% of its shares are held by our Company or our Group
“ATM”	:	Automated teller machine of a Participating Bank
“Audit Committee”	:	The audit committee of our Company as at the date of this Offer Document, unless otherwise stated
“Board” or “Board of Directors”	:	The board of Directors of our Company as at the date of this Offer Document, unless otherwise stated
“business trust”	:	Has the same meaning as in section 2 of the Business Trusts Act (Chapter 31A) of Singapore
“Catalist Rules”	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended, supplemented or modified from time to time
“Constitution”	:	The constitution of our Company
“Controlling Shareholder”	:	A person who has an interest in our Shares of an aggregate of not less than 15% of the total votes attached to all our Shares, or in fact exercises control over our Company
“Convertible Loan”	:	The convertible loan of S\$2.0 million granted by the Pre-IPO Investor to our Group which may be converted into Shares pursuant to the terms of the Investment Agreement
“Director”	:	A director of our Company as at the date of this Offer Document, unless otherwise stated
“Electronic Applications”	:	Applications for the Offer Shares made through an ATM of one of the relevant Participating Banks or the IB website of one of the relevant Participating Banks, subject to and on the terms and conditions of this Offer Document

DEFINITIONS

<i>“Employee Shares”</i>	:	The 2,656,578 Shares which were transferred by Typha Holdings, a company wholly-owned by our Executive Directors in equal shares, to 83 of our employees to recognise and reward them for their past contributions and services, and to align their interests with our Group to encourage greater dedication and loyalty to our Group, as described in the “General Information on our Group – Restructuring Exercise” section of this Offer Document
<i>“entity”</i>	:	Includes a corporation, an unincorporated association, a partnership and the government of any state, but does not include a trust
<i>“EPS”</i>	:	Earnings per Share
<i>“Executive Directors”</i>	:	The executive Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Executive Officers”</i>	:	The key executives of our Group as at the date of this Offer Document, unless otherwise stated, who make or participate in making decisions that affect the whole or a substantial part of our business or have the capacity to make decisions which affect significantly our financial standing
<i>“FY”</i>	:	Financial year ended or ending 31 March, as the case may be
<i>“GST”</i>	:	Goods and services tax
<i>“IB”</i>	:	Internet banking
<i>“Independent Directors”</i>	:	The non-executive independent Directors of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Investment Agreement”</i>	:	The investment agreement dated 3 February 2017 entered into between the Pre-IPO Investor and Sanli Engineering
<i>“Invitation”</i>	:	The invitation by our Company to the public in Singapore to subscribe for the New Shares at the Issue Price, subject to and on the terms and conditions of this Offer Document
<i>“IPO”</i>	:	Initial public offering
<i>“Issue Price”</i>	:	S\$0.225 for each New Share
<i>“Latest Practicable Date”</i>	:	1 May 2017, being the latest practicable date prior to the lodgement of this Offer Document with the SGX-ST acting as agent on behalf of the Authority

DEFINITIONS

<i>“Listing Manual”</i>	:	The Listing Manual of the SGX-ST (including the Catalyst Rules), as amended, supplemented or modified from time to time
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“NAV”</i>	:	Net asset value
<i>“New Property”</i>	:	The leasehold property at 28 Kian Teck Drive Singapore 628845 for which Sanli Engineering has exercised the option to purchase
<i>“New Shares”</i>	:	The 52,000,000 new Shares for which our Company invites applications to subscribe pursuant to the Invitation, subject to and on the terms and conditions of this Offer Document
<i>“Nominating Committee”</i>	:	The nominating committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“NTA”</i>	:	Net tangible assets
<i>“Offer”</i>	:	The offer by our Company of the Offer Shares to the public in Singapore for subscription at the Issue Price, subject to and on the terms and conditions of this Offer Document
<i>“Offer Document”</i>	:	This offer document dated 30 May 2017 issued by our Company in respect of the Invitation
<i>“Offer Shares”</i>	:	The 2,500,000 New Shares which are the subject of the Offer
<i>“Participating Banks”</i>	:	United Overseas Bank Limited (“UOB”) and its subsidiary, Far Eastern Bank Limited (the “UOB Group”), DBS Bank Ltd. (including POSB) (“DBS Bank”) and Oversea-Chinese Banking Corporation Limited (“OCBC”)
<i>“PAT”</i>	:	Profit, net of tax, attributable to owners of our Company
<i>“PBT”</i>	:	Profit before tax
<i>“PER”</i>	:	Price earnings ratio
<i>“Period Under Review”</i>	:	The period comprising FY2014, FY2015, FY2016 and 9M2017
<i>“Placement”</i>	:	The placement by the Placement Agent of the Placement Shares on behalf of our Company for subscription at the Issue Price, subject to and on the terms and conditions of this Offer Document
<i>“Placement Shares”</i>	:	The 49,500,000 New Shares (including the Reserved Shares) which are the subject of the Placement

DEFINITIONS

<i>“Pre-IPO Investor”</i>	:	The investor under the Investment Agreement, being Vanda 1 Investments Pte. Ltd., which is managed by Heliconia Capital Management Pte. Ltd. (“Heliconia”), an investment company and a wholly-owned subsidiary of Temasek Holdings (Private) Limited (“Temasek”). Heliconia provides growth capital to Singapore’s leading small and medium-sized enterprises to help them become globally competitive companies. Heliconia is an independently managed Temasek portfolio company. Temasek is not involved in Heliconia’s business or operating decisions, including those regarding our Company’s shares
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company as at the date of this Offer Document, unless otherwise stated
<i>“Reserved Shares”</i>	:	4,500,000 of the Placement Shares reserved for subscription by our Directors, employees and business associates who have contributed to the success of our Group
<i>“Restructuring Agreement”</i>	:	The restructuring agreement dated 8 May 2017 entered into by our Company for the purpose of the Restructuring Exercise
<i>“Restructuring Exercise”</i>	:	The corporate restructuring exercise undertaken in connection with the Invitation, as described in the “General Information on our Group – Restructuring Exercise” section of this Offer Document
<i>“SCCS”</i>	:	Securities Clearing & Computer Services (Pte) Ltd
<i>“Securities Account”</i>	:	The securities account maintained by a Depositor with CDP, but does not include a securities sub-account
<i>“Securities and Futures Act” or “SFA”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, supplemented or modified from time to time
<i>“Service Agreements”</i>	:	The service agreements entered into between our Company and each of Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat as described in the “Directors, Executive Officers and Staff – Service Agreements” section of this Offer Document
<i>“SGXNET”</i>	:	The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
<i>“Shareholders”</i>	:	Registered holders of Shares, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares
<i>“Shares”</i>	:	Ordinary shares in the capital of our Company

DEFINITIONS

<i>“Sponsorship and Management Agreement”</i>	:	The full sponsorship and management agreement dated 30 May 2017 entered into between our Company and SAC Capital pursuant to which SAC Capital agreed to sponsor and manage the Invitation, as described in the “Sponsorship, Management, Underwriting and Placement Arrangements” section of this Offer Document
<i>“Sub-Division”</i>	:	The sub-division of 8,255,352 Shares in the issued and paid-up share capital of our Company into 202,256,124 Shares, as described in the “General Information on our Group – Share Capital” section of this Offer Document
<i>“Substantial Shareholder”</i>	:	A person who has an interest in voting shares of our Company the total votes attached to which is not less than 5% of the total votes attached to all the voting shares in our Company
<i>“Underwriting and Placement Agreement”</i>	:	The underwriting and placement agreement dated 30 May 2017 entered into between our Company and SAC Capital pursuant to which SAC Capital agreed to (a) underwrite our offer of the Offer Shares, and (b) subscribe and/or procure subscribers for the Placement Shares, as described in the “Sponsorship, Management, Underwriting and Placement Arrangements” section of this Offer Document

Currencies, Units and Others

<i>“JPY”</i>	:	Japanese yen, the lawful currency of Japan
<i>“RM” and “sen”</i>	:	Malaysian ringgit and sen, respectively, the lawful currency of Malaysia
<i>“S\$” or “\$” and “cents”</i>	:	Singapore dollars and cents, respectively, the lawful currency of Singapore
<i>“sqm”</i>	:	Square metres
<i>“US\$” and “US cents”</i>	:	United States dollars and cents, respectively, the lawful currency of the United States of America
<i>“%” or “per cent.”</i>	:	Per centum or percentage
<i>“N.A.”</i>	:	Not applicable

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Any discrepancies in tables included herein between the total sum of amounts listed and the totals shown are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. Where applicable, figures and percentages are rounded off.

DEFINITIONS

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Offer Document, the Application Forms and/or the Electronic Applications to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Offer Document, the Application Forms and/or the Electronic Applications shall, where applicable, have the meaning ascribed to it under the Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be.

Any reference in this Offer Document, the Application Forms and/or the Electronic Applications to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time of day in this Offer Document, the Application Forms and/or the Electronic Applications shall be a reference to Singapore time, unless otherwise stated.

Any reference to “we”, “us”, “our”, “ourselves” or other grammatical variations thereof in this Offer Document is a reference to our Company, our Group or any member of our Group as the context requires.

Any information on our website or any website directly or indirectly linked to such website does not form part of this Offer Document and should not be relied upon by any applicant for our New Shares.

GLOSSARY OF TECHNICAL TERMS

The glossary below contains an explanation of certain terms used in this Offer Document in connection with our Group and our business. The terms and their assigned meanings may not correspond to standard industry or common meanings or usage of these terms.

<i>"ISO 22301"</i>	:	A proposed standard that specifies security requirements for disaster recovery preparedness and business continuity management systems
<i>"ISO 9001"</i>	:	A constituent part of the ISO 9000 series which specifies the requirements for a quality management system for any organisation that needs to demonstrate its ability to consistently provide products that meet customer and applicable requirements and aim to enhance customer satisfaction
<i>"M&E"</i>	:	Mechanical and electrical
<i>"OHSAS 18000"</i>	:	An international occupational health and safety management system specification

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Offer Document, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our behalf that are not statements of historical fact, constitute “forward-looking statements”. You can identify some of these forward-looking statements by terms such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “predict”, “will”, and “would” or similar words and phrases. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategy, plans and prospects are forward-looking statements. These forward-looking statements, including without limitation, statements as to:

- (a) our revenue and profitability;
- (b) expected growth in demand;
- (c) expected industry trends and development;
- (d) anticipated expansion and development plans;
- (e) anticipated commencement and completion dates for projects; and
- (f) other matters discussed in this Offer Document regarding matters that are not historical fact,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others:

- (a) changes in government’s policies and budgets relating to expenditures on public infrastructure;
- (b) changes in political, social, economic and securities market conditions and the regulatory environment in the countries in which we conduct business;
- (c) our anticipated growth strategies and expected internal growth;
- (d) changes in labour costs and the prices of materials and equipment which we require to operate our business;
- (e) changes in customers’ requirements;
- (f) changes in competitive conditions and our ability to compete under these conditions;
- (g) changes in our future capital needs and the availability of financing and capital to fund these needs;
- (h) changes in inflation, currency exchange or interest rates; and
- (i) other factors beyond our control.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This list of important factors is not exhaustive. Additional factors that could cause actual results, performance or achievement to differ materially include, but are not limited to, those discussed in the “Risk Factors” and “Management’s Discussion and Analysis of Results of Operations and Financial Position” sections of this Offer Document.

All forward-looking statements made by or attributable to us, or persons acting on our behalf, contained in this Offer Document, press releases or oral statements are expressly qualified in their entirety by such factors.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from those expected, expressed or implied by the forward-looking statements in this Offer Document, we advise you not to place undue reliance on those statements which apply only as at the date of this Offer Document. Neither our Company, our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent nor any other person represents or warrants to you that our actual future results, performance or achievements will be as discussed in those statements. Further, our Company, our Directors and the Sponsor, Issue Manager, Underwriter and Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revision to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future.

We are, however, subject to the provisions of the SFA and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after this Offer Document is registered but before the close of the Invitation, we become aware of (a) a false or misleading statement in this Offer Document; (b) an omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA or the Catalist Rules; or (c) a new circumstance that has arisen since this Offer Document was lodged with the Exchange acting as agent on behalf of the Authority and would have been required by Section 243 of the SFA or the Catalist Rules to be included in this Offer Document, if it had arisen before this Offer Document was lodged, and that is materially adverse from the point of view of an investor, our Company may lodge a supplementary or replacement offer document with the Exchange acting as agent on behalf of the Authority.

Where such changes occur and are material or are required to be disclosed by law, we will comply with the relevant provisions of the SFA and the Catalist Rules and make an announcement of the same to the SGX-ST and the public and, if required, lodge a supplementary or replacement offer document with the SGX-ST acting as agent on behalf of the Authority pursuant to the SFA. All applicants should take note of any such announcement, or supplementary or replacement offer document and, upon the release of the same, shall be deemed to have notice of such changes.

SELLING RESTRICTIONS

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the New Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory authorities of, any jurisdiction, except for the filing and/or registration of this Offer Document in Singapore in order to permit a public offering of the New Shares and the public distribution of this Offer Document in Singapore. The distribution of this Offer Document and the offering of the New Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Offer Document are required by us and the Sponsor, Issue Manager, Underwriter and Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us or the Sponsor, Issue Manager, Underwriter and Placement Agent.

Persons to whom a copy of this Offer Document has been issued shall not circulate to any other person, reproduce or otherwise distribute this Offer Document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

DETAILS OF THE INVITATION

LISTING ON CATALIST

An application has been made by the Sponsor to the SGX-ST for permission to deal in and for quotation of our Shares already issued and the New Shares which are the subject of this Invitation on Catalist. The dealing in, and quotation of, our Shares and the New Shares will be in Singapore dollars.

Companies listed on Catalist may carry higher investment risk when compared with larger or more established companies listed on the Main Board of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the shares or units of shares traded on Catalist. You should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with your professional adviser(s).

This Invitation is made in or accompanied by this Offer Document that has been registered by the Exchange acting as agent on behalf of the Authority. We have not lodged or registered this Offer Document in any other jurisdiction.

Neither the Authority nor the Exchange has examined or approved the contents of this Offer Document. Neither the Authority nor the Exchange assumes any responsibility for the contents of this Offer Document, including the correctness of any of the statements or opinions made or reports contained in this Offer Document. The Exchange does not normally review the application for admission to Catalist but relies on the Sponsor confirming that the listing applicant is suitable to be listed and complies with the Catalist Rules. Neither the Authority nor the Exchange has in any way considered the merits of the New Shares being offered for investment.

The registration of this Offer Document by the Exchange, acting as agent on behalf of the Authority, does not imply that the SFA, or any other legal or regulatory requirements, or requirements under the Exchange's listing rules, have been complied with.

Acceptance of applications will be conditional upon, *inter alia*, the issue of the New Shares and upon permission being granted by the SGX-ST for the listing and quotation of all the existing issued Shares of our Company and the New Shares on Catalist. Monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, if the admission and listing do not proceed, and you will not have any claims against us or the Sponsor, Issue Manager, Underwriter and Placement Agent.

After the expiration of six months from the date of registration of this Offer Document, no person shall make an offer of securities, or allot, issue or sell any securities, on the basis of this Offer Document; and no officer or equivalent person or promoter of our Company will authorise or permit the offer of any securities or the allotment, issue or sale of any securities, on the basis of this Offer Document.

We are subject to the provisions of the SFA and the Catalist Rules regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after this Offer Document is registered but before the close of the Invitation, we become aware of:

- (a) a false or misleading statement in this Offer Document;
- (b) an omission from this Offer Document of any information that should have been included in it under Section 243 of the SFA or the Catalist Rules; or

DETAILS OF THE INVITATION

- (c) a new circumstance that has arisen since this Offer Document was lodged with the Exchange and would have been required by Section 243 of the SFA or the Catalist Rules to be included in this Offer Document, if it had arisen before this Offer Document was lodged,

and that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement offer document with the Exchange acting as agent on behalf of the Authority.

In the event that a supplementary or replacement offer document is lodged with the Exchange acting as agent on behalf of the Authority, the Invitation shall be kept open for at least 14 days after the lodgement of such supplementary or replacement offer document.

Where prior to the lodgement of the supplementary or replacement offer document, applications have been made under this Offer Document to subscribe for the New Shares and:

- (a) where the New Shares have not been issued to the applicants, we shall either:
- (i) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the same and provide the applicants with an option to withdraw their applications, and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to withdraw their applications; or
 - (iii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and we shall, within seven days from the date of lodgement of the supplementary or replacement offer document, pay to the applicants all monies the applicants have paid on account of their applications for the New Shares, without interest or any share of revenue or other benefit arising therefrom and at their own risk; or
- (b) where the New Shares have been issued to the applicants but trading has not commenced, we shall either:
- (i) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement offer document, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the same and provide the applicants with an option to return to us the New Shares which they do not wish to retain title in, and take all reasonable steps to make available within a reasonable period the supplementary or replacement offer document to the applicants who have indicated they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement offer document;
 - (ii) within seven days from the date of lodgement of the supplementary or replacement offer document, give the applicants the supplementary or replacement offer document, as the case may be, and provide the applicants with an option to return to us the New Shares which they do not wish to retain title in; or

DETAILS OF THE INVITATION

- (iii) treat the issue of the New Shares as void, in which case the issue shall be deemed void and we shall within seven days from the date of lodgement of the supplementary or replacement offer document, pay to the applicants all monies paid by them for the New Shares, without interest or any share of revenue or other benefit arising therefrom and at their own risk.

An applicant who wishes to exercise his option under paragraph (a)(i) or (ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this, whereupon we shall, within seven days from the receipt of such notification, pay to him all monies paid by him on account of his application for those New Shares, without interest or any share of revenue or other benefit arising therefrom and at his own risk, and he will not have any claim against us or the Sponsor, Issue Manager, Underwriter and Placement Agent.

An applicant who wishes to exercise his option under paragraph (b)(i) or (ii) to return the New Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement offer document, notify us of this and return all documents, if any, purporting to be evidence of title to those New Shares, to us, whereupon we shall, subject to compliance with applicable laws and the Constitution of our Company, within seven days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those New Shares, without interest or any share of revenue or other benefit arising therefrom and at his own risk, and he will not have any claim against us or the Sponsor, Issue Manager, Underwriter and Placement Agent, and the issue of those New Shares shall be deemed to be void.

The Authority, the Exchange or other competent authority may, in certain circumstances issue a stop order ("**Stop Order**") to our Company, directing that no or no further New Shares be allotted, issued or sold. In the event that a Stop Order is issued and applications to subscribe for the New Shares have been made prior to the Stop Order, then to the extent permissible under applicable laws:

- (a) where the New Shares have not been issued to the applicants, the applications for the New Shares shall be deemed to have been withdrawn and cancelled and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the New Shares; or
- (b) where the New Shares have been issued to the applicants, but trading has not commenced, the issue of the New Shares shall be deemed to be void and our Company shall, within 14 days from the date of the Stop Order, pay to the applicants all monies paid by them for the New Shares.

Where monies are to be returned to applicants for the New Shares, it shall be paid to the applicants without interest or any share of revenue or other benefit arising therefrom and at the applicants' own risk, and the applicants will not have any claim against us or the Sponsor, Issue Manager, Underwriter and Placement Agent.

This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Invitation and our Group, and our Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this Offer Document in its proper form and context.

DETAILS OF THE INVITATION

Neither our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent nor any other parties involved in the Invitation is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations. No information in this Offer Document should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own legal, financial, tax or other professional adviser regarding an investment in our Shares.

The New Shares are offered for subscription solely on the basis of the information contained and the representations made in this Offer Document.

No person has been or is authorised to give any information or to make any representation not contained in this Offer Document in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by us or the Sponsor, Issue Manager, Underwriter and Placement Agent. Neither the delivery of this Offer Document and the Application Forms nor any document relating to the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change or development reasonably likely to create any change in our affairs, condition or prospects or the New Shares or in the statements of fact or information contained in this Offer Document since the date of this Offer Document. Where such changes occur and are material or are required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we will promptly make an announcement of the same to the SGX-ST and the public and if required, we may lodge a supplementary or replacement offer document with the SGX-ST acting as agent on behalf of the Authority and will comply with the requirements of the SFA and/or any other requirements of the SGX-ST and/or the Authority. All applicants should take note of any such announcement and/or supplementary or replacement offer document and, upon the release of such an announcement and/or supplementary or replacement offer document, shall be deemed to have notice of such changes.

Save as expressly stated in this Offer Document, nothing herein is, or may be relied upon as, a promise or representation as to the future performance or policies of our Company or our subsidiaries.

This Offer Document has been prepared solely for the purpose of the Invitation and may not be relied upon by any persons other than the applicants in connection with their application for the New Shares or for any other purpose.

This Offer Document does not constitute an offer, solicitation or invitation to subscribe for the New Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation.

Copies of this Offer Document and the Application Forms and envelopes may be obtained on request, subject to availability, during office hours from:

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

A copy of this Offer Document is also available on the SGX-ST website at <http://www.sgx.com>.

DETAILS OF THE INVITATION

The Invitation will be open at 6.00 p.m. on 30 May 2017 and will remain open until 12.00 noon on 6 June 2017 or for such further period or periods as our Company may, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, in its absolute discretion decide, subject to any limitation under all applicable laws. In the event a supplementary or replacement offer document is lodged with the Exchange acting as agent on behalf of the Authority, the Invitation will remain open for at least 14 days after the lodgement of the supplementary or replacement offer document.

Details of the procedures for applications to subscribe for the New Shares are set out in Appendix F of this Offer Document.

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable in respect of the Invitation and the trading of our Shares is set out below for your reference:

Indicative Date and Time	Event
30 May 2017, 6.00 p.m.	Commencement of Offer
6 June 2017, 12.00 noon	Close of Application List
7 June 2017	Balloting of applications, if necessary
8 June 2017, 9.00 a.m.	Commence trading on a “ready” basis
13 June 2017	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative as it assumes that the date of closing of the Application List is 6 June 2017, the date of admission of our Company to Catalist is 8 June 2017, the SGX-ST's shareholding spread requirement will be complied with and the New Shares will be issued and fully paid-up prior to 8 June 2017. The actual date on which our Shares will commence trading on a “ready” basis will be announced when it is confirmed by the SGX-ST.

The above timetable and procedures may be subject to such modifications as the SGX-ST may in its discretion decide, including the commencement date of trading on a “ready” basis.

We, with the agreement of the Sponsor, Issue Manager, Underwriter and Placement Agent, may at our discretion, subject to all applicable laws and regulations and the rules of the SGX-ST, agree to extend or shorten the period during which the Invitation is open.

In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same:

- (a) through a SGXNET announcement to be posted on the SGX-ST website at <http://www.sgx.com>; and
- (b) in a major English newspaper in Singapore.

We will publicly announce the results of the Invitation (including the level of subscription for the New Shares and the basis of allotment of the New Shares pursuant to the Invitation) as soon as practicable after the closure of the Application List through the channels described in (a) and (b) above.

DETAILS OF THE INVITATION

We reserve the right to reject or accept, in whole or part, or to scale down or ballot any application for the New Shares, without assigning any reason therefor, and no enquiry and/or correspondence on our decision will be entertained. In deciding the basis of allotment, due consideration will be given to the desirability of allotting the New Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

Investors should consult the SGX-ST announcement of the “ready” trading date on the SGX-ST website at <http://www.sgx.com> or the newspapers, or check with their brokers on the date on which trading on a “ready” basis will commence.

OFFER DOCUMENT SUMMARY

The information contained in this summary is derived from and should be read in conjunction with the full text of this Offer Document. As it is a summary, it does not contain all the information that potential investors should consider before investing in our Shares. Potential investors should read this entire Offer Document carefully, especially the matters set out under the “Risk Factors” section of this Offer Document, before deciding to invest in our Shares.

OVERVIEW OF OUR GROUP

Our Company was incorporated in Singapore on 27 February 2017 under the Act as a private company limited by shares, under the name “Sanli Environmental Pte. Ltd.”. We were converted into a public limited company on 9 May 2017 and our name was changed to “Sanli Environmental Limited”.

Our Company is the holding company of our subsidiaries, Sanli Engineering and Sanli Malaysia. As at the Latest Practicable Date, Sanli Engineering had a joint operation, Chye Joo – Sanli Joint Venture, with Chye Joo Construction Pte Ltd.

Our Business

We are an environmental engineering company with more than ten years of experience in the field of water and waste management. Leveraging our technical know-how and industry knowledge, we are able to provide total solutions and services to customers in an efficient and cost-effective manner. Our expertise is in the design, supply, delivery, installation, commissioning, maintenance, repair and overhaul of 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 as follows:

- 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.

In the field of water management, we provide engineering solutions and services to our customers for the treatment of raw water before it is channelled to residences, businesses and industries. We also provide engineering solutions and services to customers for the treatment of used water released from residences, businesses and industries where pollutants and toxins in wastewater are eliminated or reduced to an acceptable level before it is safely discharged into the environment or used by industrial users.

In the field of waste management, we provide engineering solutions and services to our customers in the public sector for the treatment of refuse in incineration plants in Singapore.

- Operations and Maintenance

We provide operations and maintenance services for the equipment used in water and waste management infrastructure. We maintain a workshop to undertake major repair and overhaul of the equipment. We provide corrective maintenance services, which is available 24 hours a day and seven days a week, to our customers when their facility experiences equipment

OFFER DOCUMENT SUMMARY

problems. Our preventive maintenance work is carried out in accordance with an agreed schedule to service the equipment to ensure it is in good operating condition, as well as to meet annual inspections of specialised facilities by the relevant authorities or regulatory bodies.

Further details are set out in the “Business” section of this Offer Document.

Competitive Strengths

Our Directors believe that our key competitive strengths are as follows:

- We have an established track record and strong technical expertise
- We are able to provide integrated engineering solutions and services
- We have established strong business relationships with our customers, suppliers and sub-contractors
- We have an experienced and committed management team and a pool of dedicated employees

Further details are set out in the “Business – Competitive Strengths” section of this Offer Document.

Business Strategies and Future Plans

Our business strategies and future plans are as follows:

- Capitalising on our established track record to secure more projects and projects of a larger scale
- Expanding our business premises
- Investing in a business development department

Further details are set out in the “Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans” section of this Offer Document.

Order Book

Our order book based on unfulfilled orders from signed contracts and confirmed variation orders as at 31 December 2016 and signed contracts, confirmed variation orders and letters of awards obtained during the period from 1 January 2017 to the Latest Practicable Date amounted to approximately S\$105.8 million. Barring unforeseen circumstances, we expect more than 50% of these orders to be fulfilled in FY2018.

Further details are set out in the “Prospects, Business Strategies and Future Plans – Order Book” section of this Offer Document.

OFFER DOCUMENT SUMMARY

Our Contact Details

Our principal place of business and registered office is located at 15 Kian Teck Drive, Singapore 628832. Our telephone and facsimile numbers are (65) 6578 9269 and (65) 6261 8225, respectively. Our website address is www.sanli.com.sg.

Information on our website does not constitute a part of this Offer Document.

OFFER DOCUMENT SUMMARY

SUMMARY OF OUR FINANCIAL INFORMATION

The following tables present a summary of the combined financial statements of our Group and should be read in conjunction with the full text of this Offer Document, including the “Independent Auditors’ Report and the Combined Financial Statements for the Years Ended 31 March 2014, 2015 and 2016 and Nine-Month Period Ended 31 December 2016” and the “Independent Auditors’ Report and the Compilation of the Unaudited Pro Forma Combined Financial Information for the Year Ended 31 March 2016 and Nine-Month Period Ended 31 December 2016” as set out in Appendices A and B, respectively, of this Offer Document, as well as the “Management’s Discussion and Analysis of Results of Operations and Financial Position” section of this Offer Document.

Selected items from the Combined Statements of Profit or Loss and Other Comprehensive Income

(S\$'000)	← Audited →			Unaudited		Unaudited ← Pro Forma →	
	FY2014	FY2015	FY2016	9M2016	9M2017	FY2016	9M2017
Revenue	19,407	37,345	57,264	42,598	50,401	57,264	50,401
Gross profit	4,004	6,385	11,248	8,554	8,997	11,248	8,997
Profit before tax	2,049	3,724	7,185	5,742	5,973	6,803	5,825
Profit for the years/periods attributable to owners of the Company	1,768	3,264	5,942	4,684	4,913	5,560	4,765
Pre-Invitation EPS (cents) ⁽¹⁾	0.82	1.51	2.74	2.16	2.27	2.57	2.20
Post-Invitation EPS (cents) ⁽²⁾	0.66	1.21	2.21	1.74	1.83	2.07	1.77

Notes:

- (1) For comparative purposes, pre-Invitation EPS for the Period Under Review have been computed based on the profit for the years/periods attributable to owners of the Company and our pre-Invitation share capital of 216,657,813 Shares.
- (2) For comparative purposes, post-Invitation EPS for the Period Under Review have been computed based on the profit for the years/periods attributable to owners of the Company and our post-Invitation share capital of 268,657,813 Shares.

OFFER DOCUMENT SUMMARY

Selected items from the Combined Statements of Financial Position

(S\$'000)	← Audited →		← Unaudited Pro Forma →	
	As at 31 March 2016	As at 31 December 2016	As at 31 March 2016	As at 31 December 2016
Current assets	21,853	24,877	15,273	22,297
Non-current assets	6,271	5,732	10,271	9,732
Current liabilities	12,724	19,115	14,524	16,915
Non-current liabilities	4,085	3,239	5,885	5,039
Equity attributable to owners of the Company	11,357	8,255	5,177	10,075
NAV per Share (cents) ⁽¹⁾	5.24	3.81	2.39	4.65

Note:

- (1) For comparative purposes, NAV per Share has been computed based on the equity attributable to owners of the Company and our pre-Invitation share capital of 216,657,813 Shares.

OFFER DOCUMENT SUMMARY

THE INVITATION

- Issue Size** : 52,000,000 New Shares offered in Singapore comprising 2,500,000 Offer Shares and 49,500,000 Placement Shares.
- The New Shares will, upon issue and allotment, rank *pari passu* in all respects with the existing issued Shares.
- Issue Price** : S\$0.225 for each New Share.
- The Offer** : The Offer comprises an Invitation by our Company to the public in Singapore to subscribe for 2,500,000 Offer Shares at the Issue Price, subject to and on the terms and conditions of this Offer Document.
- The Placement** : The Placement comprises a placement by the Placement Agent on behalf of our Company of 49,500,000 Placement Shares at the Issue Price by way of placement, subject to and on the terms and conditions of this Offer Document, comprising:
- (a) 45,000,000 Placement Shares; and
 - (b) 4,500,000 Reserved Shares reserved for subscription by our Directors, employees and business associates who have contributed to the success of our Group.
- Reserved Shares** : Out of the 49,500,000 Placement Shares, 4,500,000 Reserved Shares will be reserved for subscription by our Directors, employees and business associates who have contributed to the success of our Group. These Reserved Shares are not subject to any moratorium and may be disposed of after the admission of our Company to Catalist. In the event that any of the Reserved Shares are not subscribed for, they will be made available to satisfy excess applications for the Placement Shares, or in the event of any under-subscription for the Placement Shares, to satisfy excess applications for the Offer Shares.
- Clawback and Re-allocation** : The New Shares may be re-allocated between the Offer and the Placement tranches at the discretion of the Sponsor, Issue Manager, Underwriter and Placement Agent in the event of an excess of applications in one and a deficit of applications in the other, subject to the minimum distribution requirements of the Catalist Rules.

OFFER DOCUMENT SUMMARY

Purpose of the Invitation : Our Directors believe that the listing of our Company and the quotation of our Shares on Catalist will enhance our public image locally and internationally and enable us to recruit talent and tap the capital markets to fund our business growth. The Invitation will also provide members of the public, our employees, our business associates and others who have contributed to the success of our Group with an opportunity to participate in the equity of our Company.

In addition, the net proceeds from the Invitation will provide us with additional capital to fund our expansion. Please refer to the “Use of Proceeds from the Invitation and Listing Expenses Incurred” section of this Offer Document for further details.

Listing Status : Prior to the Invitation, there has been no public market for our Shares. Our Shares will be quoted on Catalist in Singapore dollars, subject to the admission of our Company to Catalist, permission for dealing in and for quotation of our Shares being granted by the SGX-ST and a stop order not being issued.

Risk Factors : Investing in our Shares involves risks which are described in the “Risk Factors” section of this Offer Document.

PLAN OF DISTRIBUTION

THE INVITATION

The Invitation is for 52,000,000 New Shares offered in Singapore comprising 2,500,000 Offer Shares and 49,500,000 Placement Shares for subscription under the Offer and the Placement, respectively at the Issue Price. The Invitation is managed by SAC Capital.

Prior to the Invitation, there has been no public market for our Shares. The Issue Price is determined by us in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent after taking into consideration, *inter alia*, prevailing market conditions and estimated market demand for the New Shares determined through a book-building process. The Issue Price is the same for all New Shares and is payable in full on application.

Investors may apply to subscribe for any number of New Shares in multiples of 1,000 Shares. In order to ensure a reasonable spread of Shareholders, we have the absolute discretion to prescribe a limit to the number of New Shares to be allotted to any single applicant and/or allot the New Shares above or under such prescribed limit as we shall deem fit.

Subject to the terms and conditions set forth in the Sponsorship and Management Agreement and the Underwriting and Placement Agreement entered into between us and SAC Capital as set out in the “Sponsorship, Management, Underwriting and Placement Arrangements” section of this Offer Document, our Company has appointed SAC Capital to manage and be the sponsor of the Invitation, to underwrite the Offer and to undertake the Placement on our behalf. SAC Capital will receive a management fee for its services rendered in connection with the Invitation.

Offer Shares

The Offer Shares are made available to members of the public in Singapore for subscription at the Issue Price. Members of the public may apply for the Offer Shares by way of printed Offer Shares Application forms or by way of Electronic Applications. The terms, conditions and procedures for applications and acceptance are described in Appendix F of this Offer Document.

An applicant who has made an application for Offer Shares by way of an Offer Shares Application Form may not make another separate application for Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and shall be rejected at the discretion of our Company and the Sponsor, Issue Manager, Underwriter and Placement Agent.

In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares not subscribed for shall be made available to satisfy excess applications for the Placement Shares to the extent there is an over-subscription for the Placement Shares as at the close of the Application List.

In the event of an over-subscription for the Offer Shares as at the close of the Application List and the Placement Shares (including Reserved Shares) are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, and approved by the Exchange, if required.

PLAN OF DISTRIBUTION

Placement Shares (excluding Reserved Shares)

The Placement Shares (excluding Reserved Shares) are reserved for placement to retail and institutional investors in Singapore who may apply through their brokers or financial institutions. Applications for the Placement Shares may only be made by way of printed Placement Shares Application Forms. The terms, conditions and procedures for applications and acceptance are described in Appendix F of this Offer Document.

In the event of an under-subscription for the Placement Shares as at the close of the Application List, that number of Placement Shares not subscribed for shall be made available to satisfy excess applications for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.

Subscribers of Placement Shares (excluding Reserved Shares) may be required to pay a brokerage of up to 2% of the Issue Price (plus GST thereon, if applicable) to the Placement Agent or any sub-placement agent that may be appointed by the Placement Agent.

Reserved Shares

To recognise their contributions to our Group, we have reserved 4,500,000 Placement Shares for subscription at the Issue Price by our Directors, employees and business associates who have contributed to the success of our Group. These Reserved Shares are not subject to any moratorium and may be disposed of after the listing of our Company on Catalist. Applications for the Reserved Shares must be made by way of printed Reserved Shares Application Forms.

In the event that any of the Reserved Shares are not subscribed for, they will be made available to satisfy excess applications for the Placement Shares (excluding the Reserved Shares) to the extent that there is an over-subscription for the Placement Shares (excluding Reserved Shares) as at the close of the Application List, or, in the event of an under-subscription for the Placement Shares (excluding Reserved Shares) as at the close of the Application List, to satisfy excess applications made by members of the public for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.

Subscription for New Shares

Save for the Reserved Shares, none of our Directors or Substantial Shareholders intends to subscribe for the New Shares in the Invitation.

None of our management or employees intends to subscribe for 5% or more of the New Shares in the Invitation.

To the best of our knowledge and belief, as at the date of this Offer Document, we are not aware of any person who intends to subscribe for 5% or more of the New Shares. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate his interest to subscribe for 5% or more of the New Shares. If such person(s) were to make an application for 5% or more of the New Shares pursuant to the Invitation and were subsequently allotted such number of Shares, we will make the necessary announcements at an appropriate time. The final allotment of Shares will be in accordance with the shareholding spread and distribution guidelines as set out in the Rule 406(1) of the Catalist Rules.

No Shares shall be allotted on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority.

USE OF PROCEEDS FROM THE INVITATION AND LISTING EXPENSES INCURRED

The estimated net proceeds to be raised by our Company from the issue of the New Shares (after deducting estimated expenses in relation to the Invitation of approximately S\$1.98 million) are approximately S\$9.72 million.

The allocation of each principal intended use of proceeds and estimated listing expenses is set out below:

	Estimated amount (S\$' million)	Estimated amount allocated for each dollar of gross proceeds raised from the Invitation (cents)
Use of proceeds		
Working capital to expand our business operations through securing more projects and projects of a larger scale	5.74	49.06
Expansion of our business premises	2.92	24.96
Investment in a business development department	1.06	9.06
Net proceeds	9.72	83.08
Listing expenses to be borne by our Company		
Professional fees	1.12	9.57
Underwriting and placement commission ⁽¹⁾	0.41	3.50
Miscellaneous expenses (including listing and processing fees)	0.45	3.85
Total listing expenses⁽²⁾	1.98	16.92
Gross proceeds from the Invitation	11.70	100.00

Notes:

- (1) Pursuant to the Underwriting and Placement Agreement, SAC Capital agreed to (a) underwrite the Offer Shares for a commission of 3.5% of the Issue Price for each Offer Share, and (b) procure subscriptions for the Placement Shares for a commission of 3.5% of the Issue Price for each Placement Share.
- (2) Of the total estimated listing expenses to be borne by our Company of approximately S\$1.98 million, S\$0.67 million will be capitalised against share capital and the balance of the estimated listing expenses will be charged to profit or loss.

The above represents our reasonable estimate of the allocation of the net proceeds from the Invitation based on our current plans and estimates regarding our anticipated expenditure. Actual expenditure may vary from these estimates. In the reasonable opinion of our Directors, there is no minimum amount which must be raised from the Invitation. Please refer to the “Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans” section of this Offer Document for further details on our future plans.

None of the proceeds from the Invitation will be used to discharge, reduce or retire any indebtedness of our Group.

USE OF PROCEEDS FROM THE INVITATION AND LISTING EXPENSES INCURRED

None of the proceeds of the Invitation will be used, directly or indirectly, to acquire or refinance the acquisition of another business or an asset other than in the ordinary course of business, save that S\$2.92 million of the net proceeds to be used for the expansion of our business premises will be used to partially finance the acquisition and renovation of the New Property. Please refer to the “Business – Properties and Fixed Assets” and “Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans” sections of this Offer Document for further details.

Pending the deployment of the net proceeds as aforesaid, the funds will be placed in short-term deposits with financial institutions, used to invest in short-term money market instruments and/or used for working capital requirements as our Directors may deem appropriate.

We will make periodic announcements on the use of the net proceeds from the issue of the New Shares as and when the funds are materially disbursed, and provide a status report on the use of the proceeds in our annual report.

In the event that any part of our proposed uses of the net proceeds from the issue of the New Shares does not materialise or proceed as planned, our Directors will carefully evaluate the situation and may reallocate the intended funding to other purposes and/or hold such funds on short-term deposits for so long as our Directors deem it to be in the interest of our Company and our Shareholders, taken as a whole. Any change in the use of the net proceeds will be subject to the Catalist Rules and appropriate announcements will be made by our Company on SGXNET.

In the event that the amount set aside to meet the estimated expenses listed above is in excess of the actual expenses incurred, such excess amount will be made available for our general corporate working capital purposes.

SPONSORSHIP, MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

Pursuant to the full sponsorship and management agreement dated 30 May 2017 (the “**Sponsorship and Management Agreement**”) entered into between our Company and SAC Capital as the Sponsor and Issue Manager, we appointed SAC Capital to manage the Invitation on our behalf and to provide full sponsorship services in relation to the Invitation, subject to the terms and conditions of the Sponsorship and Management Agreement. SAC Capital will receive a management fee for its services rendered in connection with the Invitation and an annual sponsorship fee for at least three years from the date of listing of our Company on Catalist.

Pursuant to the underwriting and placement agreement dated 30 May 2017 (the “**Underwriting and Placement Agreement**”) entered into between our Company and SAC Capital as the Underwriter and Placement Agent, SAC Capital agreed (a) to subscribe and/or procure subscriptions for the Offer Shares not subscribed for by members of the public and not allocated to satisfy excess applications for the Placement Shares, and (b) to procure subscriptions for the Placement Shares at the Issue Price, subject to the terms and conditions of the Underwriting and Placement Agreement.

The Underwriter will receive from our Company an underwriting commission of 3.5% of the aggregate Issue Price for the total number of Offer Shares underwritten by the Underwriter but excluding the portion of the Offer Shares which have been applied to satisfy excess applications for Placement Shares. The Underwriter may, at its absolute discretion, appoint one or more sub-underwriters for the Offer Shares. Payment of the underwriting commission shall be made whether or not any allotment or issue of the Offer Shares is made to the Underwriter or its nominees.

The Placement Agent will receive from our Company a placement commission of 3.5% of the aggregate Issue Price for the total number of Placement Shares (including the Reserved Shares) successfully procured for subscription by the Placement Agent but excluding the portion of the Placement Shares which have been applied to satisfy excess applications for the Offer Shares. The Placement Agent may, at its absolute discretion, appoint one or more sub-placement agents for the Placement Shares. Payment of the placement commission shall be made whether or not any allotment or issue of the Placement Shares is made to the Placement Agent or its nominees. Subscribers of the Placement Shares may be required to pay to the Placement Agent an end places’ commission of up to 2.0% of the Issue Price (including GST, if applicable) for each Placement Share.

Brokerage will be paid by our Company to Participating Banks in respect of successful applications made through Electronic Applications at the rate of 0.25% (or 0.75% in the case of DBS Bank Ltd.) of the Issue Price for each New Share. In addition, DBS Bank Ltd. levies a minimum brokerage fee of S\$10,000.

The Sponsorship and Management Agreement may be terminated by the Sponsor and Issue Manager at any time prior to the time and date of the commencement of trading of our Shares on Catalist, on the occurrence of certain events including:

- (a) any breach of warranties or undertakings in the Sponsorship and Management Agreement;
- (b) any occurrence of a specified event (as described in the Sponsorship and Management Agreement) which comes to the knowledge of the Sponsor and Issue Manager;
- (c) any material adverse change, or any development involving a prospective material adverse change, in the condition (business, trading, operational, financial or otherwise), performance or general affairs of our Company or of our Group as a whole;

SPONSORSHIP, MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

- (d) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, notice, policy, rule, guideline or directive (whether or not having the force of law and including, without limitation, any directive, notice or request issued by the Accounting and Corporate Regulatory Authority of Singapore, the Authority, the Securities Industry Council of Singapore, the SGX-ST or relevant authorities in Singapore or elsewhere) or in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority in Singapore or elsewhere including but not limited to foreign exchange controls in Singapore or overseas;
- (e) any change, or any development involving a prospective change, or any crisis, in local, national, regional or international political, industrial, legal, financial, monetary or economic conditions, taxation or exchange controls (including but not limited to the conditions in the stock market, foreign exchange market, inter-bank market or interest rates or money market, in Singapore or any other jurisdiction), or any combination of any such changes or developments or crisis, or deterioration of any such conditions;
- (f) any imminent threat or occurrence of any local, national or international outbreak or escalation of hostilities whether war has been declared or not, terrorist attacks, or insurrection or armed conflict (whether or not involving financial markets);
- (g) any regional or local outbreak of disease that may have an adverse effect on the financial markets;
- (h) foreign exchange controls in Singapore and overseas or any occurrence of a combination of any such changes or developments or crises, or any deterioration of any such conditions;
- (i) the issue by the SGX-ST of a notice of refusal to admit our Company to Catalist; or
- (j) any other occurrence of any nature whatsoever,

which event or events shall in the opinion of the Sponsor and Issue Manager (i) result or be likely to result in a material adverse fluctuation or adverse conditions in the stock market in Singapore or elsewhere; or (ii) be likely to prejudice the success of the offer, subscription or sale of the New Shares (whether in the primary market or in respect of dealings in the secondary market); or (iii) make it impossible, impracticable or non-commercial to proceed with any of the transactions contemplated in the Sponsorship and Management Agreement; or (iv) be likely to have a material adverse effect on the business, trading position, operations or prospects of our Company or of our Group as a whole; or (v) be such that no reasonable sponsor or issue manager would have entered into the Sponsorship and Management Agreement; or (vi) result or be likely to result in the issue by the SGX-ST of a notice of refusal to admit our Company to Catalist at any point prior to the listing of all our existing issued Shares and the New Shares; or (vii) make it non-commercial or otherwise contrary to or outside the usual commercial practices in Singapore for the Sponsor and Issue Manager to observe or perform or be obliged to observe or perform the terms of the Sponsorship and Management Agreement.

Notwithstanding the aforesaid, the Sponsor and Issue Manager may terminate the Sponsorship and Management Agreement if:

- (a) at any time up to the commencement of trading of our Shares on the Catalist, a notice of refusal to admit our Company to Catalist shall have been issued by the SGX-ST; or

SPONSORSHIP, MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

- (b) at any time after the registration of this Offer Document by the SGX-ST acting as agent on behalf of the Authority but before the close of the Application List, our Company fails and/or neglects to lodge a supplementary or replacement offer document (as the case may be) if we become aware of:
- (i) a false or misleading statement or matter in this Offer Document;
 - (ii) an omission from this Offer Document of any information that should have been included in it under the Catalist Rules and/or the SFA; or
 - (iii) a new circumstance that has arisen since this Offer Document was lodged with the SGX-ST acting as agent on behalf of the Authority and would have been required by the Catalist Rules and/or the SFA to be included in this Offer Document if it had arisen before this Offer Document was lodged,
- that is materially adverse from the point of view of an investor; or
- (c) our existing issued Shares and the New Shares have not been admitted to Catalist on or before 30 June 2017 (or such other date as our Company and the Sponsor and Issue Manager may agree).

The Underwriting and Placement Agreement is conditional upon the Sponsorship and Management Agreement not being terminated or rescinded pursuant to the provisions of the Sponsorship and Management Agreement.

In the event that the Sponsorship and Management Agreement and/or the Underwriting and Placement Agreement is terminated, our Company reserves the right, at our absolute discretion, to cancel the Invitation.

Save as aforesaid, no commission, discount or brokerage has been paid or other special terms granted by our Company within the two years preceding the date of this Offer Document or is payable to any Director, promoter, expert, proposed Director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscription for any shares in or debentures of our Company or our subsidiaries.

Save as disclosed above, we do not have any material relationship with the Sponsor, Issue Manager, Underwriter and Placement Agent.

RISK FACTORS

Prospective investors should carefully consider and evaluate each of the following considerations and all other information contained in this Offer Document before deciding to invest in our Shares. Before deciding to invest in our Shares, you should seek professional advice from the relevant advisers about your particular circumstances. To the best of our Directors' knowledge and belief, all risk factors which could directly and/or indirectly affect us and are material to investors in making an informed judgement of our Group have been set out below. If any of the following considerations, uncertainties or material risks develops into actual events, our business, financial performance and/or operations could be materially and adversely affected. In such cases, the trading price of our Shares could decline due to any of these considerations, uncertainties or material risks, and investors may lose all or part of their investment in our Shares.

This Offer Document also contains forward-looking statements having direct and/or indirect implications on our future performance. Our actual results may differ materially from those anticipated by these forward-looking statements due to certain factors, including the risks and uncertainties faced by us, as described below and elsewhere in this Offer Document.

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

We depend substantially on demand from the public sector for a major part of our revenue

In FY2014, FY2015, FY2016 and 9M2017, our revenue from our largest customer, PUB, accounted for approximately 75.8%, 78.2%, 85.7% and 99.0% respectively of our Group's revenue. As the majority of our Group's revenue for the Period Under Review was derived from the public sector in Singapore, including NEA, our business is affected by the Singapore government's policies and budgets relating to expenditure on public infrastructure, especially those relating to water and waste management. There is no assurance that the Singapore government will continue to pursue water and waste management infrastructure development plans or to pursue such plans on the same scale. If the Singapore government formulates policies which reduce the focus on water or waste management, there may be a reduction in government expenditure on the sector's infrastructure. This will in turn lead to a reduced number of projects available for tender and a decline in profit margin due to higher competition to secure available projects.

We are reliant on PUB for our major projects. These projects are secured through tenders and there is no assurance that PUB will continue to engage our engineering solutions and services. In the event that PUB ceases to award contracts to us or reduce the number or value of contracts awarded to us, our financial performance and business will be adversely affected.

Our business is project-based and this may lead to revenue and/or profit fluctuations from financial year to financial year

Our revenue is recognised based on the percentage-of-completion method. Under the percentage-of-completion method, the revenue and costs associated with the contract are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion of costs incurred for works performed to date, relative to the estimated total cost on completion. We are increasingly focusing on larger scale projects and such projects generally have progress milestones spread over a longer period. As a result, our revenue and/or profit may fluctuate from financial year to financial year.

RISK FACTORS

We may not be able to secure new projects and also face the risk of delay or premature termination of secured projects

Our business is project-based and we therefore have to continuously secure new projects from new and existing customers to generate revenue. In the event that we are unable to secure new projects of contract values and/or margins comparable to our existing projects, our financial performance will be adversely affected. In addition, the delay or premature termination of secured projects, due to factors such as changes in our customers' policies or businesses, poor market conditions or unsatisfactory contract performance, may expose us to liabilities to our sub-contractors and/or suppliers. The delay or premature termination of projects in progress may result in our Group not being adequately compensated, and may also lead to idle or excess capacity as a result of a long lapse of time between the completion of existing projects and the commencement of new projects. As a result of the foregoing, our business, operations and financial performance may be adversely affected. We had not experienced any of the foregoing events during the Period Under Review and up to the Latest Practicable Date which had a material adverse impact on our operations or financial performance.

Our operations in Singapore are subject to the relevant Singapore laws and regulations

There can be no assurance that the regulatory environment in which we operate will not change significantly or become more stringent in the future. Compliance with any changes in existing or new laws and regulations may increase our compliance costs, which may adversely affect our business and financial performance. In addition, there can be no assurance that we would be able to comply with such amended or new laws and regulations, which may have an adverse effect on our prospects, business and operations. During the Period Under Review and up to the Latest Practicable Date, compliance with the relevant laws and regulations did not have a material adverse impact on our operations or financial performance.

We are currently subject to laws and regulations which require us to adhere to applicable regulations and codes of practice, as well as meet certain financial requirements as described in the "Government Regulations" section of this Offer Document. Our employees may be required to work overtime due to frequent tight deadlines for our projects. While we have a system to monitor the overtime hours of our employees, there may be instances, especially during peak periods of our projects, where some of our employees inadvertently exceed the monthly maximum hours of overtime permitted under the Employment Act. In the event that we are penalised for the breach of employment regulations, our financial performance may be adversely affected. During the Period Under Review and up to the Latest Practicable Date, we did not incur any penalty for breach of employment regulations which had a material adverse impact on our operations or financial performance.

We may be affected by accidents at our work sites or at our premises

The MOM places considerable emphasis on inculcating a culture of safety and health in all workplaces. The Workplace Safety and Health Act requires us to take reasonably practicable measures to ensure the safety and health of our employees at our workplace and any contravention could result in a fine or other penalties. For instance, in 2011, we incurred a S\$500 fine for the infringement of Section 6(1) of the Workplace Safety and Health (Risk Management) Regulations when our employee suffered an injury in the course of his work.

RISK FACTORS

Our project worksites may fail to meet the safety and health standards imposed by the regulatory authorities and be issued with partial or full stop-work orders. Accidents may also occur at our work sites or at our premises even though we have put in place safety measures. The issuance of stop-work orders or the occurrence of accidents may severely disrupt our operations and lead to a delay in the completion of our projects. In the event of such a delay, we could be liable for liquidated damages under the contracts with our customers, resulting in an adverse effect on our reputation, operations and financial performance. Further, we may be subject to personal injury claims from our employees or other persons involved in accidents. Any significant claims which are not covered by our insurance policies or are contested by the insurance companies may adversely affect our financial performance. In addition, any accidents resulting in significant damage to our machinery, equipment or premises may require capital expenditure to make good the damage and to the extent that the expenditure is not recoverable from our insurance policies, our business and financial performance may be adversely affected.

We are exposed to project cost overruns

Our revenue is largely derived from project-based contracts. The contract value quoted in our tender submission is determined after evaluating our scope of work and carrying out internal costing, taking into account all related costs including the indicative prices of our sub-contractors and suppliers. Our profitability is therefore dependent on our ability to obtain competitive quotations from sub-contractors and suppliers at or below our estimated costs, the accuracy of our internal costing, and our ability to execute the contracts efficiently. There is no assurance that the actual costs incurred will not exceed the estimated costs due to reasons such as an increase in material and labour costs, under-estimation of costs, excessive wastage, inefficiency, damages or unforeseen additional costs incurred during the course of the contract, leading to cost overruns.

In addition, unforeseen circumstances such as logistic disruptions or unanticipated construction constraints at the worksite may arise during the course of project execution. As such circumstances may require additional work which has not been factored into the contract value, cost overruns may occur, thereby eroding our profit margin for the project. As we may not be able to adjust our fees to recover additional costs incurred during the course of projects, our business and financial performance may be adversely affected. During the Period Under Review and up to the Latest Practicable Date, we did not experience any cost overruns which had a material adverse impact on our operations or financial performance.

We may be subject to contractual disputes and claims

In our business, claims may be made by customers against contractors or sub-contractors for various reasons such as defective works and/or non-compliance with contract specifications. It is also common for our customers to retain a certain percentage of the contract sum as security deposit for the costs of rectifying any defective works not rectified by us. We may also face claims from our sub-contractors or suppliers for various reasons such as dispute over the terms or specifications of the contracts. For instance, in 2016, a sub-contractor commenced legal proceedings to claim an amount allegedly due from us for works done and services provided by the sub-contractor between 2012 and 2015, to which we filed a counterclaim for the costs incurred for engaging third parties to complete part of the sub-contract works. The legal proceedings were subsequently discontinued after the claims were settled. In the event that we are unable to amicably resolve any claims or legal proceedings commenced against us, we may be required to allocate more resources to resolve the dispute and the completion of our projects may be delayed. As a result, our reputation and operations may be adversely affected.

RISK FACTORS

In the course of executing our projects, additional works or changes which are not included in the original contract may be requested by the customer through variation orders. Due to factors such as time constraints, the customer may request for variation orders to be carried out before the costs for such additional works are finalised and agreed. As a result, the final values of such variation orders may be disputed by our customers and we may have to absorb the costs for the additional works. This will result in lower profits or even losses for that project.

For design and build projects, we may engage the services of external consultants for the engineering design. In the event of any design defect arising from our default or negligence or the default or negligence of external consultants, we may be liable to the customer under the contract for such defect. As there is no assurance that we will be able to claim damages from the external consultant, if our customers were to succeed in their claims against us, our financial performance and reputation may be adversely affected. During the Period Under Review and up to the Latest Practicable Date, we did not experience any contractual disputes or claims which had a material adverse impact on our operations or financial performance.

We may be liable for delays in the completion of projects

Our contracts with customers typically allow the customer to claim for pre-determined liquidated damages in the event that the completion of the project is delayed due to our default. The liquidated damages payable are based on the tender terms for public sector projects or determined through contractual negotiations for private sector projects. Delays in a project may arise due to factors such as shortage of labour, equipment or construction materials, labour disputes, disputes with sub-contractors, worksite accidents, work stoppages arising from accidents at the work site or delays in the delivery of equipment and materials by suppliers. In such circumstances, we could be liable to pay liquidated damages and incur additional overheads, and these may adversely affect our financial performance and operations. During the Period Under Review and up to the Latest Practicable Date, we did not experience any project delays which had a material adverse impact on our operations or financial performance.

We are vulnerable to any significant increase in prices or shortage of materials

We do not have any long-term fixed price agreements with suppliers for equipment and materials required for our projects. The equipment required for our projects generally use materials such as hardware components, tools, spares and consumables, the prices of which may fluctuate due to changes in supply and demand conditions. As such, our business, operations and financial performance may be affected by any shortage in the required materials or any increase in the prices of such materials, as the prices of the required equipment will be affected as a result. In the event that we are unable to pass any increased costs to our customer, our business and financial performance may be adversely affected. Further, where any of the sub-contracted works for an existing project have yet to be awarded to sub-contractors, any increase in the prices of the required materials may be reflected in the sub-contractors' quotes to us, thereby adversely affecting our profit margins for such projects.

We are subject to foreign exchange transaction risks

Our revenue is denominated in S\$ while some of our purchases are denominated in US\$ and JPY. To the extent that our revenue and purchases are not naturally matched in the same currency and to the extent that there are timing differences between the invoicing and receipt of funds from our customers and payment to our suppliers, we are exposed to foreign exchange rate fluctuations which may result in foreign exchange losses. We currently do not have any formal policy for hedging against foreign exchange exposure. However, we will continue to monitor our foreign

RISK FACTORS

exchange exposure and may employ a formal policy to manage our foreign exchange exposure should the need arise. Please refer to the “Management’s Discussion and Analysis of Results of Operations and Financial Position – Foreign Exchange Management” section of this Offer Document for further details.

Our operations and business are dependent on our ability to attract and retain skilled personnel

Our business requires highly skilled personnel such as project managers and engineers. Skilled personnel with the appropriate experience in our industries are limited and competition for the employment of such personnel is intense. There is no assurance that we will be able to attract the necessary skilled personnel or that we will be able to retain the skilled personnel whom we have trained at our cost or whether suitable and timely replacements can be found for skilled personnel who leave us. In the event that we are unable to continue to attract and retain skilled employees, we may not be able to complete our projects within the stipulated timeline and the quality of our services may be affected. This will in turn affect our ability to compete effectively and to grow our business. We may also have to pay substantial wages to attract sufficient numbers of skilled personnel to complete our projects and the additional labour costs may have an adverse effect on our financial performance.

We are vulnerable to the availability and costs of employing foreign personnel

We are dependent on foreign personnel, including skilled personnel, for our business operations. As at 31 March 2016 and 31 December 2016, approximately 83% of our personnel were foreigners. Our ability to meet the labour requirements for our operational needs is subject to various factors, including changes in the labour policies of the foreign personnel’s countries of origin or the policies imposed by the MOM in Singapore or the authorities of other jurisdictions where we operate. In addition, any increase in competition for skilled foreign personnel may also increase labour costs. Our business operations and financial performance are thus vulnerable to any shortage in the supply of foreign personnel and any increase in the cost of foreign labour. In particular, where any of the sub-contracted works for an existing project have yet to be awarded to sub-contractors, any increase in foreign manpower costs may be factored in such sub-contractors’ quotes, thereby adversely affecting our profit margins for such projects.

We may not be able to maintain our technical expertise

Our business and future prospects depend, to a substantial extent, on our ability to maintain our technical expertise, especially our equipment and engineering knowledge in the water and waste management industry. Our industry constantly experiences changing technology and new technical developments, such as the implementation of membrane technology in water treatment. We constantly evaluate the advantages and feasibility of new technology and equipment, with a view to implementing these equipment and technologies in our solutions and services. We believe that our future success will depend upon our ability to anticipate, respond and adapt to technological changes and provide cost-effective, efficient and quality solutions and services which meet our customers’ requirements and expectations. In the event that we fail to keep abreast of the latest technology and/or technical developments in our industry, our technical expertise may become obsolete and rendered irrelevant, and we may not be able to compete effectively. As a result, our business, financial performance and reputation may be adversely affected.

RISK FACTORS

Our ability to tender for future projects may be affected by the downgrade or loss of BCA registration grades

Contractors in Singapore are categorised by the BCA into different BCA registration grades and registration with the BCA is a pre-requisite for contractors to tender for government contracts in Singapore. We are registered under the ME02, ME05, ME11 and SY08 workheads as described in the “Government Regulations” section of this Offer Document. Factors such as capital net worth, track record and minimum number of personnel with the relevant qualifications affect the workhead classifications and grades granted by the BCA to our Group. If we are unable to meet the criteria for the renewal of our current grades, we may be downgraded.

As at the Latest Practicable Date, our Directors were not aware of any risk or circumstances that may result in our BCA registration grades being downgraded or withdrawn, or any difficulty in maintaining our grades, and our registration grades had not been downgraded or withdrawn during the Period Under Review and up to the Latest Practicable Date. Nonetheless, there is no assurance that we can continue to maintain our existing BCA registration grades in the future. In the event that we fail to maintain our existing grades, we may not be able to tender for public sector projects in Singapore which require a specific BCA registration grade. Hence, any downgrade in or loss of our BCA registration grades would adversely affect our reputation, business and financial performance.

Our suppliers and sub-contractors may default on their obligations

We purchase equipment and materials from our suppliers and we also engage sub-contractors to provide engineering services. These suppliers and sub-contractors are selected based on, amongst others, our past working experience with them, their track record, pricing and ability to meet our specifications, quality and safety requirements, and time schedule. We cannot be assured that the equipment and materials supplied and services rendered by suppliers and sub-contractors will continue to be satisfactory to us or that they will meet the quality requirements, specifications or time schedule for our projects or the relevant regulatory requirements. In the event of any default by the suppliers or sub-contractors engaged by us, we may incur liabilities to our customers. Furthermore, if there are any adverse changes in our suppliers’ and sub-contractors’ conditions (financial or otherwise) which affect their ability to fulfil their obligations to us, we may not be able to complete the project within the time schedule. In the event that we are unable to find suitable alternative suppliers or sub-contractors in a timely manner and at comparable commercial terms, we may be subject to cost overruns or exposed to the risk of incurring liquidated damages. Accordingly, our financial performance and business may be adversely affected. During the Period Under Review and up to the Latest Practicable Date, we did not experience any default by our suppliers or sub-contractors which had a material adverse impact on our operations or financial performance.

We may not be able to maintain our competitiveness

We face competition from existing players as well as new entrants, including competition from other general engineering service providers. Contracts in our industry are generally awarded via tenders and the bidders are pre-qualified based on, amongst others, their track record, financial standing and industry reputation. Some of our competitors may possess longer operating histories, greater brand recognition, and larger financial, technical, marketing and other resources, which enable them to respond to changes in market conditions more swiftly and compete more effectively than us. If our competitors bid at lower prices in order to gain experience or market share, we may have to offer more competitive prices to secure projects. There is no assurance that we will be able to compete successfully with our existing and future competitors

RISK FACTORS

and that we will be able to adapt to new trends and conditions. In the event that we are unable to compete successfully against our competitors and to adapt to market conditions, our business and financial performance may be adversely affected. Competition may result in, among other things, lower profit margins and difficulty in obtaining high quality sub-contractors and qualified skilled employees. Any such consequences may adversely affect our business, operations, financial performance and reputation.

We will be subject to general risks associated with doing business outside Singapore

We plan to expand our business beyond our current presence in Singapore, in particular, to countries in the Southeast Asian region. There are inherent risks in doing business overseas, such as unexpected changes in regulatory requirements, difficulty in staffing and managing foreign operations, social and political instability, labour unrest, potentially adverse tax consequences, legal uncertainty regarding liability, reduced protection for intellectual property rights in some countries, tariffs and other trade barriers, variable and unexpected changes in local law and barriers to the repatriation of capital or profits. In some developing countries, there may be uncertainty in the local regulatory requirements relating to our operations. As we embark on our expansion plans overseas, our exposure to such risks will increase. If any of the aforementioned risks were to occur, our overseas expansion plans and financial performance may be adversely affected.

We may need to secure additional financing for our future growth

We intend to capitalise on our established track record to secure more projects and projects of a larger scale, which are likely to be capital intensive in nature. Some of these projects may require financing such as short term loans, letters of credit and/or performance bonds. In the event that we are unable to secure the requisite financing for any reason, we may be unable to secure and execute such projects and this may adversely affect our future growth, revenue and profitability. In addition, securing additional financing will increase our interest expense and gearing and there may be covenants restricting our ability to pay dividends and/or restricting our flexibility in utilising working capital to react to changes in the business and industry environment.

In the event that equity financing is raised, the shareholding interests of our existing Shareholders may be diluted or the new equity securities issued may have rights, preferences or privileges senior to the existing Shares. There is also no assurance that we will be able to obtain additional financing on terms acceptable to us, or at all. In the event that we are unable to secure adequate financing at acceptable costs, our business and financial performance may be adversely affected.

Our insurance coverage may not indemnify us against all potential losses

We have taken up insurance policies for our premises and assets, foreign personnel and work injury compensation and for certain projects where insurance is not taken up by our customers. Please refer to the “Business – Insurance” section of the Offer Document for further details on the insurance policies maintained by us. There is no assurance that such insurance policies will compensate us for all potential losses or that our insurers will pay on any particular claim. There are also certain types of risks that are not covered by our insurance policies because they are either uninsurable or not economically insurable, including acts of war, acts of terrorism, natural disasters, or loss or damage cause by industrial actions. If such events were to occur, we may have to bear the costs of the uninsured risk or the uninsured loss, and our business, operations, financial performance and prospects may be adversely affected. Our insurance premiums may also increase substantially following any claims made, thereby adversely affecting our financial performance.

RISK FACTORS

We may be subject to risks associated with joint ventures or strategic alliances

We may seek growth opportunities through joint ventures or strategic alliances, in particular for larger scale projects or projects which require more than our expertise. These joint ventures and strategic alliances involve a certain amount of business or operating risks, including (a) inability of our Group to exert control over the actions of our partners, including any non-performance, default or bankruptcy of the partners, (b) difficulty in integrating management, operations, services and personnel, (c) strain on resources in order to coordinate internal systems, controls, procedures and policies, and (d) exposure to unknown liabilities incurred by our partners.

In the event of any dispute with our partners on the business and day-to-day operations of our joint ventures or strategic alliances, there is no assurance that we will be able to arrive at a resolution that is favourable to us. Furthermore, our partners may take actions contrary to our instructions, requests or policies and/or be unable or unwilling to fulfil their obligations which may affect the operations of the joint venture or strategic alliance. In such event, we may not be able to complete projects within the stipulated budget and time schedule and our financial performance, business and reputation may be adversely affected.

We are subject to credit risk in relation to our customers

The credit terms extended to our customers are 30 days from the date of invoice. Our customers may be affected by events or circumstances which are difficult to foresee such as a decline in their business or an economic downturn and may not be able to meet their contractual payment obligations to us, either in a timely manner or at all. We are also exposed to the risk of bad debts when our customers encounter financial difficulties, insolvency, bankruptcy or liquidation or if they dispute or fail to fulfil their payment obligations to us. There is no assurance that we will be able to collect our trade receivables fully or within a reasonable period of time. In such circumstances, we may be required to make full allowances for doubtful receivables or write-off bad debts and this may adversely affect our operations and financial performance.

We may be subject to claims for infringement of third parties' intellectual property rights

Third parties may initiate claims against our Group alleging infringement of their intellectual property rights. We cannot guarantee that our solutions and services and/or the equipment and materials sourced from our suppliers will not infringe any patents or proprietary rights of third parties in the future. In the event of any material claims or litigation involving infringement of intellectual property rights of third parties, with or without merit, we may have to expend considerable financial and management resources to defend ourselves in such legal proceedings. In addition, there may be project delays and cost overruns, and our business may be disrupted due to such legal proceedings. In such an event, our reputation, financial performance and operations may be adversely affected. During the Period Under Review and up to the Latest Practicable Date, we did not experience any claims from third parties for infringement of their intellectual property rights which had a material adverse impact on our operations or financial performance.

We are dependent on our key management personnel

Our continued success is dependent to a large extent on the commitment, service and contribution from our key management personnel, in particular, our Chief Executive Officer, Sim Hock Heng, and our Executive Directors, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat. Their technical know-how, industrial knowledge and relationships with our customers and suppliers have been instrumental in the growth of our Group. Each of them has provided strategic direction and

RISK FACTORS

formulated business strategies for our Group. They are collectively responsible for implementing our expansion plans and business strategies, and driving our growth. There is no assurance that we will be able to retain our key management personnel. The loss of any key management personnel without suitable and timely replacement or our inability to attract and retain qualified personnel will have an adverse impact on our operations and financial performance. Each of Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat has entered into a service agreement with our Company for an initial term of three years. Notwithstanding this, there can be no assurance that we will be successful in retaining them or in hiring qualified management personnel to replace them should the need arise. Please refer to the “Directors, Executive Officers and Staff – Service Agreements” section of this Offer Document for further details.

We may face significant warranty claims

Our projects typically require us to provide warranties for a period of 12 months. The warranty covers defects and any premature wear and tear of the equipment and/or materials used in our projects. We do not charge to our customers the costs of rectification and repair works carried out by us that are covered under the warranty. As we remain primarily responsible for any claims made during the warranty period, significant warranty claims for rectification and repair works may erode the profit margins of such projects and have an adverse effect on our financial performance.

We may not be able to successfully implement our future plans

As part of our future business plans, we intend to capitalise on our established track record to secure more projects and projects of a larger scale, expand our business premises and invest in a business development department. Please refer to the “Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans” section of this Offer Document for further details. While we plan our expansion based on the outlook of our business prospects, there is no assurance that the results of our expansion plans will match our expectations. The success and viability of our expansion plans are dependent upon, *inter alia*, the growth and development, and the government’s expenditure and support, of the sectors that we serve, the availability of financial, operational and other resources, our ability to secure projects and our ability to hire and retain skilled employees to carry out our future plans.

Further, the implementation of our future plans may also require substantial capital expenditure, increased working capital requirements and additional financial resources and commitment. There is no assurance that these future plans will achieve the expected results or outcomes such as an increase in revenue which will be commensurate with our investment costs. In the event that the results or outcome of our future plans do not meet our expectations or if we fail to achieve a sufficient level of revenue or manage our costs efficiently, we may not be able to recover our investment costs and our financial performance and business operations may be adversely affected.

RISKS RELATING TO MALAYSIA

Our operations in Malaysia are subject to the relevant Malaysian laws and regulations

We have a subsidiary, Sanli Malaysia, which is registered in Malaysia and thus subject to the relevant laws and regulations of Malaysia, including those relating to corporate, investment, marketing, labour, environmental, occupational health and safety, and taxation matters. Failure by us to comply with such laws and regulations will result in us being subject to fines or other penalties.

RISK FACTORS

Under the Licensing of Trades, Business and Industries and Professions (Majlis Daerah Kota Tinggi) By-Laws 1981, a licence is required for Sanli Malaysia to use its premises for any trade, business, industry or profession. Sanli Malaysia did not apply for such business premises licence for the office premises it occupied prior to March 2017. Under the said By-Laws, any person who without a licence establishes or uses any premises for any trade, business, industry or profession shall be liable on conviction to a fine not exceeding RM2,000 or to a term of imprisonment not exceeding one year or to both such fine and imprisonment, and to a further fine not exceeding RM200 for every day during which the offence is continued after conviction. Sanli Malaysia had relocated to new premises in March 2017 and had obtained a business premises licence for the new premises.

Based on inquiries with the relevant licensing department in March 2017, we understand that the authorities had not previously imposed imprisonment on any directors of a company and that it was unlikely that they would impose any penalty for the previous breach by Sanli Malaysia for not having a business premises licence. Nevertheless, there is no assurance that Sanli Malaysia or its directors will not be penalised for the past breach, and any penalty imposed may have an adverse impact on our business operations and financial performance.

Our operations are affected by changes in existing, and adoption of new, Malaysian laws and regulations and/or the changes in interpretation of the Malaysian laws and regulations as well as possible inconsistencies between the various Malaysian laws and regulations and/or the corresponding interpretation

The legal and regulatory regimes in Malaysia may be uncertain and are subject to unforeseen changes. At times, the interpretation or application of laws and regulations in Malaysia may be unclear. Government policies, regulations and guidelines issued and imposed by the relevant authorities may change from time to time.

Our operations may be adversely affected by the adoption of new laws and regulations and/or changes to, or changes in the interpretation or implementation of, existing laws and regulations. In addition, the adoption of new laws and regulations or any modification to the existing laws and regulations may result in us having to incur additional expenses to comply with the new laws. We have no control over such conditions and developments and there can be no assurance that such conditions and developments will not have a material adverse effect on its business, financial performance, operations and prospects.

Examples of new laws introduced include the Goods and Services Tax Act 2014, which came into force on 1 April 2015. There is no assurance that the implementation of the goods and services tax in Malaysia will not have a material adverse effect on our business, financial performance and prospects.

In addition, the Companies Act 2016 has replaced the Companies Act 1965 of Malaysia. While we have compliance procedures in place to ensure compliance with new legislations and every effort is taken to ensure the requirements of new legislations are met, there is no certainty on the approach which will be taken by the relevant regulators, and we may incur additional compliance costs with the introduction of new or amended regulations.

We are subject to the foreign exchange legislation and regulations in Malaysia

Local and foreign investors are subject to Foreign Exchange Administration Rules in Malaysia. The Financial Services Act 2013 (“FSA”) and the Islamic Financial Services Act 2013 (“IFSA”) govern the foreign exchange control framework in Malaysia. Under the FSA and the IFSA, the

RISK FACTORS

Malaysian central bank, Bank Negara Malaysia (“**Bank Negara**”), has issued Exchange Control Notices (“**ECM Notices**”). These ECM Notices embody Bank Negara’s general permissions and directions. They set out the circumstances in which residents and non-residents must seek the specific approval of the Foreign Exchange Administration Department (within Bank Negara) to remit funds to and from Malaysia.

The ECM Notices are reviewed regularly according to changing circumstances. As at the Latest Practicable Date, foreign investors are free to repatriate divestment proceeds, profits, dividends, or any income arising from investments in Malaysia provided that the repatriation is made in foreign currency. However, the repatriation of funds may be restricted in the future. This will limit our ability to distribute dividends to our Shareholders from our Malaysian business operations.

Also, as at the Latest Practicable Date, resident companies are free to borrow any amount in foreign currency from licensed onshore banks or through the issuance of foreign currency debt securities to another resident. Resident companies are only allowed to borrow in foreign currency of up to RM100 million equivalent in aggregate from other non-residents. The RM100 million equivalent is based on the aggregate borrowing of the resident entity and other resident entities within its group of entities with parent-subsidary relationship. Resident companies are also allowed to borrow any amount in foreign currency from their resident or non-resident entities within its group of entities or resident or non-resident direct shareholders unless the borrowing is from non-resident financial institutions or non-resident special purpose vehicles which are set up to obtain borrowing from any person which is not part of the resident entity’s group of entities.

In respect to borrowing in RM from non-residents, a resident company is allowed to borrow in RM up to RM1,000,000 in aggregate for use in Malaysia from any non-resident other than a non-resident financial institution and the RM1,000,000 shall be based on the aggregate borrowing of the resident company and other resident entities within its group of entities with parent-subsidary relationship. Notwithstanding this, a resident company is allowed to borrow in RM in any amount to finance activities in the real sector in Malaysia from a non-resident entity within its group of entities or its non-resident direct shareholder but it does not apply to borrowing in RM by a resident company from a non-resident financial institution or a non-resident special purpose vehicle which is used to obtain borrowing from any person which is not part of the resident company’s group of entities.

The relevant rules and regulations on foreign exchange control in Malaysia may change. If there is any adverse change in the foreign exchange rules and regulations relating to the borrowing or repatriation of foreign currency, our business and financial performance may be adversely affected.

We may be subject to additional taxes and penalties if we do not comply with transfer pricing and similar tax regulations in Malaysia

We are subject to transfer pricing and similar tax regulations in Malaysia designed to ensure that our intercompany transactions are entered into at prices that have not been manipulated to produce a desired tax result, that appropriate levels of income are reported as earned by our Malaysian subsidiary, and that we are taxed appropriately on such transactions. In the event that the tax authorities in Malaysia determine that we are in breach of the transfer pricing and similar tax regulations, additional taxes and penalties may be assessed and we will be required to pay the assessments. In such event, our financial performance may be adversely affected. During the Period Under Review and up to the Latest Practicable Date, we had not been required to pay any additional taxes or penalties due to breach of transfer pricing or similar tax regulations which had a material adverse impact on our operations or financial performance.

RISK FACTORS

We are subject to political, social and economic development in Malaysia

Any adverse development in the political situation, social developments and economic uncertainties in Malaysia could materially and adversely affect our financial performance and operations. These developments may include, but are not limited to, changes in political leadership, nationalisation, price and capital controls, sudden restrictive changes to government policies, introduction of new taxes on goods and services and introduction of new laws, as well as demonstrations, riots, coups and war. These may result in the nullification of contracts and/or prohibit us to continue our business operations.

There is no assurance that social and civil disturbances will not occur in the future and such disturbances will not, directly or indirectly, materially and adversely affect our business, operations, prospects and financial performance. Terrorist attacks, increased hostilities and other acts of violence or war may adversely affect the regional and worldwide financial markets. The occurrence of any of these events may result in a loss of business confidence, which could potentially lead to economic recession and have an adverse effect upon our business, prospects, financial performance and/or operations. In addition, any deterioration in international relations may result in increased investors' concern regarding regional stability which may, in turn, adversely affect our business.

GENERAL RISKS

We may be affected by disruption in the global financial markets and associated impact

Our financial performance may be adversely affected by conditions in the financial markets and the economies in Singapore and elsewhere. In the second half of 2008, a disruption in the global credit markets and the general slowdown in the global economy created turbulent and difficult conditions in the financial markets. These conditions resulted in much economic volatility, less liquidity, tightening of credit and a lack of price transparency in certain markets. These conditions have also resulted in the failure of a number of financial institutions in the United States of America and unprecedented action by government authorities and central banks around the world. This economic situation has been further exacerbated by the recent debt crises in Greece, Portugal, Spain, Ireland and Italy and the potential impact of these crises have on the rest of Europe and the world. In addition, adverse changes in the global political and social conditions such as the results of the referendum held on 23 June 2016 where citizens of the United Kingdom voted in favour of the United Kingdom leaving the European Union had also led to greater volatility in the financial markets and impinged upon the health of the global economic and financial systems. It is difficult to predict the extent to which global markets are affected by these conditions and the extent and nature of such effects on our markets and business. The continuation or intensification of such disruptions may lead to additional adverse effects including, amongst others, lack of availability of credit to businesses, and a further weakening of the global economies. Any prolonged downturn in general economic conditions would present risks for our business, such as a potential decrease in the number of projects we are able to secure. Any adverse economic developments in the markets that we operate in or that have an indirect impact on our business could have material and adverse effects on our business, financial performance and prospects.

RISK FACTORS

We may be affected by terrorist attacks and other acts of violence, or outbreak of communicable diseases

Any fresh occurrence of terrorist attacks such as those which occurred in Indonesia, France and the United States of America or acts of violence may lead to uncertainty in the economic outlook of our markets. All these could have a negative impact on the demand for our solutions and services and our business.

An outbreak of infectious disease in the markets where we operate may have an adverse impact on our operations and our financial performance. Market sentiment and consumer confidence could be affected and may lead to deterioration of economic conditions. Further, in the event that our employees or those of our suppliers are infected or suspected of being infected with any communicable disease, our Group and/or our suppliers may be required by health authorities to temporarily shut down the affected premises or project sites and quarantine the relevant employees to prevent the spread of the disease. This will result in delays and an increase in cost and may have an adverse impact on our business and financial performance.

We may be affected by disruptions to our operations due to external factors

Our Group may face disruptions to our operations due to unforeseen external factors such as natural disasters, acts of God, fire, flood, civil commotion, and other calamities or events beyond our control. Notwithstanding the measures and steps that we have taken, there is no assurance that emergency crises would not cause disruptions to our operations. As a result of such disruptions, failure to meet our customers' expectations and complete our projects within the stipulated timeline and/or deliver our solutions and services as required by our agreements with customers may damage our reputation and/or expose us to legal claims and may lead to loss of business and affect our ability to attract new business. In such events, our business and financial performance may be adversely affected.

We may be adversely affected by changes in the social, economic or political conditions globally and in Singapore

Our business may be materially and adversely affected by local and global developments in relation to inflation, prices of raw materials, bank interest rates, government policies and regulations, and other conditions which may have an impact on social, economic and political stability. We have no control over such conditions and developments and there is no assurance that such conditions and developments will not occur and adversely affect our business operations.

RISKS RELATING TO INVESTMENT IN OUR SHARES

Our Controlling Shareholders will retain significant control over our Group after the Invitation, allowing them to influence the outcome of matters submitted to Shareholders for approval

Upon the completion of the Invitation, our Controlling Shareholders, Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat, will collectively own directly and indirectly approximately 74.52% of our Company's post-Invitation share capital. As a result, our Controlling Shareholders will be able to exercise significant influence over matters requiring shareholders' approval, including the election of directors and the approval of significant corporate transactions, in a manner which may not be in line with the interests of our minority Shareholders. Our Controlling Shareholders will also have veto power with respect to any Shareholders' action or approval

RISK FACTORS

requiring a majority vote except where they are required by the SGX-ST or the Catalist Rules to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Company which may benefit Shareholders. There is no assurance that our Controlling Shareholders will act solely in the interests of our Group or the interests of our Shareholders, or that any conflict of interests will be resolved in favour of us or our Shareholders.

Future sale of our Shares could adversely affect our Share price

Any future issue of Shares by us or sale of our Shares by our existing Shareholders may have a downward pressure on our Share price. The issue or sale of a significant number of Shares in the public market after the Invitation, or the perception that such issues or sales may occur, could adversely affect the market price of our Shares. These factors may also affect our ability to raise funds through the issue of additional equity securities in the future, at a time and price we deem appropriate. Except as otherwise described in the “General Information on our Group – Moratorium” section of this Offer Document, there will be no other restrictions imposed on our Substantial Shareholders to dispose of their shareholdings. Our Share price may be under downward pressure if certain Shareholders sell their Shares upon the expiry of their moratorium periods.

There has been no prior market for our Shares and the Invitation may not result in an active or liquid market for our Shares

Prior to the Invitation, there has been no public market for our Shares. There can be no assurance that an active market for our Shares will develop or, if developed, will be sustained, or that the market price for our Shares will not decline below the Issue Price. Accordingly, investors may be unable to sell their Shares at or above the Issue Price. The Issue Price may not be indicative of the market price for our Shares after the completion of the Invitation.

Our Share price may fluctuate following the Invitation

The Issue Price was determined through a book-building exercise by us after consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, and after taking into consideration, amongst others, the prevailing market conditions and estimated market demand for the New Shares. The Issue Price may not be indicative of prices which will prevail in the trading market after the Invitation and investors may not be able to resell their Shares at or above the Issue Price. Volatility in the market price of our Shares may be caused by factors beyond our control and may not correlate with or be proportionate to our financial results.

The market price of our Shares may fluctuate significantly and rapidly in response to, *inter alia*, the following factors, some of which are beyond our control:

- (a) variations in our operating results;
- (b) changes in securities analysts’ recommendations, perceptions or estimates of our financial performance;
- (c) changes in market valuations and share prices of companies with businesses that are similar to those of our Group that may be listed in Singapore or elsewhere;
- (d) announcements by us of significant acquisitions, strategic alliances or joint ventures;

RISK FACTORS

- (e) fluctuations in stock market prices and volume;
- (f) our involvement in material litigation or arbitration proceedings;
- (g) additions or departures of key personnel;
- (h) success or failure of our management in implementing business and growth strategies; and
- (i) changes in conditions affecting the industry, general economic conditions or stock market sentiments or other events or factors.

For these reasons, amongst others, our Shares may trade at prices that are higher or lower than the NAV per Share. To the extent that there is any retention of operating cash for investment purposes, working capital requirements or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the price of our Shares. Any failure on our part to meet with market expectations with regard to future earnings and cash distributions may adversely affect the market price of our Shares. In case of liquidation, investors may lose all or part of their investment in our Shares.

New investors will incur immediate dilution and may experience further dilution

Our Issue Price of 22.50 cents per Share is substantially higher than our NAV per Share of 7.37 cents (based on the pro forma NAV as referred to in the “Dilution” section of this Offer Document and as adjusted for the net proceeds from the issue of the New Shares). If our Company is liquidated immediately following the Invitation, investors who subscribed for the New Shares would receive less than the price paid for their Shares. Please refer to the “Dilution” section of this Offer Document for further details.

Investors may not be able to participate in future issues of Shares

In the event that our Company issues new Shares, it will be under no obligation to offer those Shares to our existing Shareholders at the time of issue, except where it elects to conduct a rights issue. However, in electing to conduct a rights issue or other equity issues, our Company will have discretion or may be subject to regulations as to the procedures to be followed in making such rights offering available to our existing Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. In addition, our Company may not offer such rights to our existing Shareholders having an address in jurisdictions outside Singapore. Accordingly, holders of our Shares may be unable to participate in future offerings of our Shares and may experience dilution of their holdings as a result.

Singapore law contains provisions that could discourage a takeover of our Company

Sections 138, 139 and 140 of the Securities and Futures Act and the Singapore Code on Take-overs and Mergers (collectively, the “**Singapore Take-over Laws and Regulations**”) contain certain provisions that may delay, deter or prevent a future takeover or change in control of our Company for so long as our Shares are listed for quotation on the SGX-ST. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of our Shares, or, if such person holds, either on his own or together with parties acting in concert with him, between 30% and 50% (both inclusive) of our Shares, and he (or parties acting in concert with him) acquires additional Shares representing more than 1% of our voting Shares in any six-month period, must, except with the consent of the Securities Industry Council, extend a takeover offer for the remaining Shares in accordance with the provisions of the

RISK FACTORS

Singapore Take-over Laws and Regulations. While the Singapore Take-over Laws and Regulations seek to ensure equality of treatment among Shareholders, their provisions may discourage or prevent certain types of transactions involving an actual or threatened change of control of our Company. Some of our Shareholders may therefore be disadvantaged as a transaction of that kind might have allowed the sale of shares at a price above the prevailing market price.

Negative publicity may adversely affect our Share price

Negative publicity involving our Group or any of our Directors, Substantial Shareholders or Executive Officers may adversely affect the market perception or the price of our Shares, whether or not it is justified. Some examples are unsuccessful attempts at joint ventures or takeovers or involvement in insolvency or litigation proceedings.

We do not have a fixed dividend policy and may not be able to pay dividends to our Shareholders

There is no assurance that we will pay dividends in the future or, if we pay dividends in the future, when we will pay them. The declaration and payment of future dividends will depend upon our operating results and cash flow, financial performance, other cash requirements including capital expenditures, financing arrangements (if any), future plans, general business conditions and other factors which our Directors may determine as appropriate, many of which are beyond our control. Please refer to the “Dividend Policy” section of this Offer Document for further details.

Our future loan agreements may include covenants which may also limit when and how much dividends we can declare and pay. Pursuant to the terms governing the credit facilities granted to our subsidiaries, our subsidiaries may not declare or make payment of any dividend or any income or capital distribution in the event of, amongst others, any outstanding monies (whether principal, interest or otherwise) payable to the financial institutions. Such restriction on the ability of our subsidiaries to pay dividends to us may adversely limit our ability to grow, or make investments or acquisitions that could be beneficial to our business.

INVITATION STATISTICS

ISSUE PRICE	22.50 cents
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NAV

NAV per Share based on the unaudited pro forma combined statement of financial position of our Group as at 31 December 2016⁽¹⁾ and as adjusted for the Restructuring Exercise (the “**Pro Forma NAV per Share**”):

(a) before adjusting for the estimated net proceeds of the Invitation and based on the pre-Invitation share capital of 216,657,813 Shares	4.65 cents
(b) after adjusting for the estimated net proceeds of the Invitation and based on the post-Invitation share capital of 268,657,813 Shares	7.37 cents

Premium of Issue Price over the Pro Forma NAV per Share as at 31 December 2016:

(a) before adjusting for the estimated net proceeds of the Invitation and based on the pre-Invitation share capital of 216,657,813 Shares	383.9%
(b) after adjusting for the estimated net proceeds of the Invitation and based on the post-Invitation share capital of 268,657,813 Shares	205.3%

Earnings

EPS based on the unaudited pro forma combined statement of profit or loss and other comprehensive income of our Group for FY2016 (the “ Pro Forma EPS ”) ⁽¹⁾ and the pre-Invitation share capital of 216,657,813 Shares	2.57 cents
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EPS based on the unaudited pro forma combined statement of profit or loss and other comprehensive income of our Group for FY2016 and the pre-Invitation share capital of 216,657,813 Shares, assuming that the Service Agreements had been in place from the beginning of FY2016	2.12 cents
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PER

PER based on the Pro Forma EPS for FY2016	8.75 times
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PER based on the Pro Forma EPS for FY2016, assuming that the Service Agreements had been in place from the beginning of FY2016	10.61 times
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Market Capitalisation

Market capitalisation based on the Issue Price and the post-Invitation share capital of 268,657,813 Shares	S\$60.4 million
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Note:

- (1) The unaudited pro forma combined financial information of our Group for the year ended 31 March 2016 and as at 31 December 2016 is based on certain assumptions after making certain adjustments to show what the unaudited pro forma combined financial information of our Group would have been if the following events had occurred:
- (a) the declaration and payment of a tax exempt (one-tier) dividend of S\$8.0 million in respect of the financial year ended 31 March 2017;
 - (b) the conversion of the Convertible Loan granted by the Pre-IPO Investor into 14,401,689 new Shares; and
 - (c) the exercise by Sanli Engineering of an option to purchase the New Property for S\$4.0 million.

DILUTION

Dilution is the amount by which the Issue Price to be paid by investors for our New Shares in the Invitation (**“New Investors”**) exceeds our NAV per Share immediately after the Invitation. Our unaudited pro forma NAV per Share as at 31 December 2016, as adjusted for the Restructuring Exercise but before adjusting for the estimated net proceeds from the Invitation and based on the pre-Invitation share capital of 216,657,813 Shares, was approximately 4.65 cents.

Pursuant to the Invitation in respect of 52,000,000 New Shares at the Issue Price, our unaudited pro forma NAV per Share as at 31 December 2016 after adjusting for the Restructuring Exercise and the estimated net proceeds from the Invitation and based on the post-Invitation share capital of 268,657,813 Shares, would have been 7.37 cents. This represents an immediate increase in NAV per Share of 2.72 cents to our existing Shareholders and an immediate dilution in NAV per Share of 15.13 cents (or approximately 67.2%) to our New Investors.

The following table illustrates such dilution on a per Share basis:

	Cents
Issue Price per Share	22.50
Unaudited pro forma NAV per Share as at 31 December 2016, as adjusted for the Restructuring Exercise but before adjusting for the estimated net proceeds from the Invitation and based on the pre-Invitation share capital of 216,657,813 Shares	4.65
Increase in NAV per Share attributable to existing Shareholders	2.72
NAV per Share after the Invitation ⁽¹⁾	7.37
Dilution in NAV per Share to New Investors	15.13
Dilution in NAV per Share to New Investors as a percentage of the Issue Price	67.2%

Note:

- (1) The computed NAV does not take into account our actual financial performance after 31 December 2016. Depending on our actual financial results, our NAV per Share may be higher or lower than the above computed NAV.

DILUTION

The following table shows the total number of Shares acquired, the total consideration and the average effective cost per Share paid by our Directors, Substantial Shareholders, employees and Pre-IPO Investor for Shares acquired by them during the period of three years prior to the date of lodgement of this Offer Document (as adjusted for the Restructuring Exercise) and by our New Investors pursuant to the Invitation:

	Number of Shares acquired	Total consideration (S\$)	Average effective cost per Share (cents)
Directors			
Sim Hock Heng	13,282,675	542,150	4.08
Kew Boon Kee	13,282,675	542,150	4.08
Pek Kian Boon	13,282,675	542,150	4.08
Lee Tien Chiat	13,282,675	542,150	4.08
Substantial Shareholders			
Typha Holdings ⁽¹⁾	146,468,846	6,086,752	4.16
Employees⁽²⁾	2,656,578	—	—
Pre-IPO Investor	14,401,689	2,000,000	13.89
New Investors	52,000,000	11,700,000	22.50

Notes:

- (1) Typha Holdings is an investment holding company incorporated in Singapore whose shareholders are Sim Hock Heng (25%), Kew Boon Kee (25%), Pek Kian Boon (25%) and Lee Tien Chiat (25%). As such, Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat are deemed to be interested in the Shares held by Typha Holdings pursuant to Section 4 of the SFA.
- (2) Each employee had paid a nominal consideration of \$1 for the Shares transferred to him.

CAPITALISATION AND INDEBTEDNESS

The following table shows the cash and cash equivalents as well as capitalisation and indebtedness of our Group:

- (a) as at 31 December 2016, based on the audited combined statements of financial position of our Group as at 31 December 2016;
- (b) as at 31 March 2017, based on the unaudited consolidated management accounts of our Group as at 31 March 2017 and as adjusted for the Restructuring Exercise and the conversion of the Convertible Loan; and
- (c) as at 31 March 2017, based on the unaudited consolidated management accounts of our Group as at 31 March 2017 and as adjusted for the Restructuring Exercise, the conversion of the Convertible Loan and the net proceeds from the Invitation.

You should read this in conjunction with the “Independent Auditors’ Report and the Combined Financial Statements for the Years Ended 31 March 2014, 2015 and 2016 and Nine-Month Period Ended 31 December 2016” as set out in Appendix A of this Offer Document, and the “Management’s Discussion and Analysis of Results of Operations and Financial Position” section of this Offer Document.

	As at 31 March 2017		
		As adjusted for the Restructuring Exercise and the conversion of the Convertible Loan	As adjusted for the Restructuring Exercise, the conversion of the Convertible Loan and the net proceeds from the Invitation
(S\$’000)	As at 31 December 2016	As adjusted for the Restructuring Exercise and the conversion of the Convertible Loan	As adjusted for the Restructuring Exercise, the conversion of the Convertible Loan and the net proceeds from the Invitation
Cash and cash equivalents	10,435	13,364	23,082
Indebtedness			
Current			
– unsecured and guaranteed	958	583	583
– secured and guaranteed	347	347	347
– secured and non-guaranteed	11	11	11
Non-current			
– secured and guaranteed	3,184	3,097	3,097
– secured and non-guaranteed	55	52	52
Total indebtedness	4,555	4,090	4,090
Total Shareholders’ equity	8,255	10,390	20,108
Total capitalisation and indebtedness	12,810	14,480	24,198

CAPITALISATION AND INDEBTEDNESS

Cash and cash equivalents

As at the Latest Practicable Date, we had cash and cash equivalents of approximately S\$13.1 million.

Indebtedness

As at the Latest Practicable Date, our current indebtedness amounted to S\$2.8 million, comprising bank loans of S\$0.7 million, finance lease of S\$87,000 and Convertible Loan of S\$2.0 million, while our non-current indebtedness amounted to S\$3.1 million, comprising bank loans of S\$2.8 million and finance lease of S\$0.3 million. Please refer to the “General Information on our Group – Restructuring Exercise” section of this Offer Document for further details on the Convertible Loan.

Credit Facilities

As at the Latest Practicable Date, we had the following credit facilities:

Financial institution	Nature of facilities	Amount of facilities granted (S\$'000)	Amount utilised (S\$'000)	Amount unutilised (S\$'000)	Interest rate	Maturity profile
Malayan Banking Berhad	Term loans	3,438	3,438	–	1.25% per annum above cost of funds	Between March 2028 and December 2029
Malayan Banking Berhad	Trade facilities	7,000	–	7,000	2.5% per annum above cost of funds	Up to 120 days
United Overseas Bank Limited	Letter of credit	3,000	3,000	–	0.0625% – 0.125% per month	Up to 60 days
Standard Chartered Bank (Singapore) Limited	Trade facilities	2,200	–	2,200	Standard pricing	Up to 120 days
ETHOZ Capital Ltd	Term loan	1,000	1,000	–	2.85% per annum	July 2017
ORIX Leasing Singapore Limited	Working capital loan	2,000	2,000	–	2.82% per annum	August 2017
Total		18,638	9,438	9,200		

CAPITALISATION AND INDEBTEDNESS

The above credit facilities are secured by charges over our leasehold properties and our cash deposit and/or joint and several personal guarantees and charge over cash deposit of our Executive Directors. Please refer to the “Interested Person Transactions” section of this Offer Document for further details on the securities provided by our Executive Directors.

To the best of our Directors’ knowledge, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our financial position and results or business operations, or the investments of our Shareholders.

Contingent Liability

As at the Latest Practicable Date, we are not aware of any contingent liabilities which may have a material effect on the financial position and profitability of our Group.

DIVIDEND POLICY

Sanli Engineering declared and paid interim dividends of S\$0.4 million, S\$1.0 million and S\$1.0 million in respect of FY2014, FY2015 and FY2016, respectively.

Sanli Engineering also declared an interim dividend of S\$8.0 million in respect of FY2017 in December 2016, and the amount had been fully paid as of the Latest Practicable Date. As at the Latest Practicable Date, no dividend payment by our Group was outstanding.

Save as disclosed above, no dividends have been declared or paid by our Company or our subsidiaries for the Period Under Review.

We currently do not have a fixed formal dividend policy. However, we intend to recommend and distribute dividends of at least 20.0% of our net profits attributable to owners of the Company for FY2018 (the “**Proposed Dividends**”). Investors should note that the foregoing statement on the Proposed Dividends is merely a statement of our present intention and shall not constitute a legally binding obligation on our Company or a legally binding statement in respect of our future dividends, and may be subject to modification (including reduction or non-declaration thereof) in our Directors’ sole and absolute discretion. Investors should not treat the Proposed Dividends as an indication of our Group’s future dividend policy. No inference should or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends in any of the periods discussed. In addition, the actual dividends that our Directors may recommend or declare in respect of any particular financial year or period will be subject to restrictions under the applicable laws and regulations.

Subject to our Constitution and in accordance with the Companies Act, we may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Directors. The declaration and payment of dividends will be determined at the sole discretion of our Directors subject to the approval of our Shareholders.

Subject to our Constitution and in accordance with the Companies Act, our Directors may also declare an interim dividend without the approval of our Shareholders. In making their recommendations or declaration of future dividends in respect of our Shares for any particular financial year or period, our Directors will consider, *inter alia*, our retained earnings and expected future earnings, operations, cash flow, working capital requirements, projected levels of capital expenditure and other investment plans, restrictions on payment of dividends imposed on us by our financing arrangements (if any) and general financing condition, as well as general business conditions and other factors which our Directors may determine as appropriate.

Information relating to taxes payable on dividends is set out under “Taxation” in Appendix E of this Offer Document.

SELECTED COMBINED FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the full text of this Offer Document, including the “Independent Auditors’ Report and the Combined Financial Statements for the Years Ended 31 March 2014, 2015 and 2016 and Nine-Month Period Ended 31 December 2016” and the “Independent Auditors’ Report and the Compilation of the Unaudited Pro Forma Combined Financial Information for the Year Ended 31 March 2016 and Nine-Month Period Ended 31 December 2016” as set out in Appendices A and B, respectively, and the “Management’s Discussion and Analysis of Results of Operations and Financial Position” section of this Offer Document.

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾

(S\$'000)	← Audited →	Unaudited	Audited		
	FY2014	FY2015	FY2016	9M2016	9M2017
Revenue	19,407	37,345	57,264	42,598	50,401
Cost of contract works	(15,403)	(30,960)	(46,016)	(34,044)	(41,404)
Gross profit	4,004	6,385	11,248	8,554	8,997
Other income	42	94	172	95	161
Administrative expenses	(1,628)	(2,253)	(3,512)	(2,506)	(2,524)
Other operating expenses	(298)	(393)	(551)	(289)	(471)
Finance costs	(71)	(109)	(172)	(112)	(190)
Profit before tax	2,049	3,724	7,185	5,742	5,973
Income tax	(301)	(513)	(1,287)	(1,096)	(1,018)
Profit for the years/periods	1,748	3,211	5,898	4,646	4,955
Other comprehensive income					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of a foreign operation	–	–	(16)	(27)	(15)
Total comprehensive income for the relevant years/periods	1,748	3,211	5,882	4,619	4,940
Profit for the relevant years/periods attributable to:					
Owners of the Company	1,768	3,264	5,942	4,684	4,913
Non-controlling interests	(20)	(53)	(44)	(38)	42
	1,748	3,211	5,898	4,646	4,955
Total comprehensive income for the relevant years/periods attributable to:					
Owners of the Company	1,768	3,264	5,926	4,657	4,898
Non-controlling interests	(20)	(53)	(44)	(38)	42
	1,748	3,211	5,882	4,619	4,940
Pre-Invitation EPS (cents) ⁽²⁾	0.82	1.51	2.74	2.16	2.27
Post-Invitation EPS (cents) ⁽³⁾	0.66	1.21	2.21	1.74	1.83

SELECTED COMBINED FINANCIAL INFORMATION

Notes:

- (1) Our combined statements of profit or loss and other comprehensive income for the Period Under Review have been prepared on the basis that our Group had been in existence throughout the Period Under Review.
- (2) For comparative purposes, pre-Invitation EPS for the Period Under Review have been computed based on the profit for the years/periods attributable to owners of the Company and our pre-Invitation share capital of 216,657,813 Shares.
- (3) For comparative purposes, post-Invitation EPS for the Period Under Review have been computed based on the profit for the years/periods attributable to owners of the Company and our post-Invitation share capital of 268,657,813 Shares.

SELECTED COMBINED FINANCIAL INFORMATION

COMBINED STATEMENTS OF FINANCIAL POSITION⁽¹⁾

(S\$'000)	← Audited →	
	As at 31 March 2016	As at 31 December 2016
ASSETS		
Current assets		
Cash and cash equivalents	6,624	10,435
Trade and other receivables	7,011	6,083
Contract work-in-progress in excess of billings	8,218	8,102
Available-for-sale investments	–	257
Total current assets	21,853	24,877
Non-current assets		
Property, plant and equipment	5,747	5,465
Available-for-sale investments	524	267
Total non-current assets	6,271	5,732
Total assets	28,124	30,609
LIABILITIES AND EQUITY		
Current liabilities		
Borrowings	2,847	1,229
Trade and other payables	8,020	15,126
Billing in excess of contract work-in-progress	–	494
Finance leases	87	87
Income tax payable	1,770	2,179
Total current liabilities	12,724	19,115
Non-current liabilities		
Borrowings	3,730	2,950
Finance leases	355	289
Total non-current liabilities	4,085	3,239
Capital and reserves		
Share capital	1,500	1,500
Translation reserves	(16)	(31)
Retained earnings	9,873	6,786
Equity attributable to owners of the Company	11,357	8,255
Non-controlling interests	(42)	–
Total equity	11,315	8,255
Total liabilities and equity	28,124	30,609
NAV per Share (cents) ⁽²⁾	5.24	3.81

Notes:

- (1) Our combined statements of financial position as at 31 March 2016 and 31 December 2016 have been prepared on the basis that our Group had been in existence on those dates.
- (2) For comparative purposes, NAV per Share as at 31 March 2016 and 31 December 2016 have been computed based on equity attributable to owners of the Company and our pre-Invitation share capital of 216,657,813 Shares.

SELECTED COMBINED FINANCIAL INFORMATION

UNAUDITED PRO FORMA COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(S\$'000)	← Unaudited →	
	FY2016	9M2017
Revenue	57,264	50,401
Cost of contract works	(46,016)	(41,404)
Gross profit	11,248	8,997
Other income	172	161
Administrative expenses	(3,572)	(2,524)
Other operating expenses	(711)	(591)
Finance costs	(334)	(218)
Profit before tax	6,803	5,825
Income tax	(1,287)	(1,018)
Profit for the year/period	5,516	4,807
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of a foreign operation	(16)	(15)
Total comprehensive income for the relevant year/period	5,500	4,792
Profit for the relevant year/period attributable to:		
Owners of the Company	5,560	4,765
Non-controlling interests	(44)	42
	5,516	4,807
Total comprehensive income for the relevant year/period attributable to:		
Owners of the Company	5,544	4,750
Non-controlling interests	(44)	42
	5,500	4,792
Pre-Invitation EPS (cents) ⁽¹⁾	2.57	2.20
Post-Invitation EPS (cents) ⁽²⁾	2.07	1.77

Notes:

- (1) For comparative purposes, pre-Invitation EPS for FY2016 and 9M2017 have been computed based on the profit for the year/period attributable to owners of the Company and our pre-Invitation share capital of 216,657,813 Shares.
- (2) For comparative purposes, post-Invitation EPS for FY2016 and 9M2017 have been computed based on the profit for the year/period attributable to owners of the Company and our post-Invitation share capital of 268,657,813 Shares.

SELECTED COMBINED FINANCIAL INFORMATION

UNAUDITED PRO FORMA COMBINED STATEMENTS OF FINANCIAL POSITION

(S\$'000)	← Unaudited →	
	As at 31 March 2016	As at 31 December 2016
ASSETS		
Current assets		
Cash and cash equivalents	44	7,855
Trade and other receivables	7,011	6,083
Contract work-in-progress in excess of billings	8,218	8,102
Available-for-sale investments	–	257
Total current assets	15,273	22,297
Non-current assets		
Property, plant and equipment	9,747	9,465
Available-for-sale investments	524	267
Total non-current assets	10,271	9,732
Total assets	25,544	32,029
LIABILITIES AND EQUITY		
Current liabilities		
Borrowings	3,047	1,429
Trade and other payables	9,620	12,726
Billing in excess of contract work-in-progress	–	494
Finance leases	87	87
Income tax payable	1,770	2,179
Total current liabilities	14,524	16,915
Non-current liabilities		
Borrowings	5,530	4,750
Finance leases	355	289
Total non-current liabilities	5,885	5,039
Capital and reserves		
Share capital	3,500	3,500
Translation reserves	(16)	(31)
Retained earnings	1,693	6,606
Equity attributable to owners of the Company	5,177	10,075
Non-controlling interests	(42)	–
Total equity	5,135	10,075
Total liabilities and equity	25,544	32,029
NAV per Share (cents) ⁽¹⁾	2.39	4.65

Note:

- (1) For comparative purposes, NAV per Share as at 31 March 2016 and 31 December 2016 have been computed based on equity attributable to owners of the Company and our pre-Invitation share capital of 216,657,813 Shares.

SELECTED COMBINED FINANCIAL INFORMATION

BASIS OF PREPARATION

The unaudited pro forma combined financial information of our Group for the year ended 31 March 2016 and nine-month period ended 31 December 2016 is prepared for illustrative purposes only and is based on certain assumptions after making certain adjustments in relation to the following events:

- (a) on 20 December 2016, Sanli Engineering declared a tax exempt (one-tier) dividend of \$8.0 million in respect of the financial year ended 31 March 2017 which had been fully paid off as at the Latest Practicable Date;
- (b) on 3 February 2017, Sanli Engineering entered into the Investment Agreement with the Pre-IPO Investor for the grant of the Convertible Loan of \$2.0 million by the Pre-IPO Investor. On 25 May 2017, the Convertible Loan was converted into 14,401,689 new Shares. The related professional fees of \$60,000, and the fixed interest on the Convertible Loan of \$0.12 million had been fully paid pursuant to the conversion of the Convertible Loan; and
- (c) on 14 February 2017, our Group exercised an option to purchase the New Property for \$4.0 million. Out of the consideration of S\$4.0 million, a sum of S\$0.4 million had been paid. Of the balance consideration of S\$3.6 million, S\$1.6 million was assumed to be payable by Sanli Engineering and \$2.0 million was assumed to be financed by a new bank loan with an assumed effective interest rate of 2.2% per annum and loan tenure of 10 years.

Please refer to the “Independent Auditors’ Report and the Compilation of the Unaudited Pro Forma Combined Financial Information for the Year Ended 31 March 2016 and Nine-Month Period Ended 31 December 2016” as set out in Appendix B of this Offer Document for further details on the basis of preparation of the unaudited pro forma combined financial information of our Group.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following discussion of our results of operations and financial position has been prepared by our management and should be read in conjunction with the full text of this Offer Document, including the "Independent Auditors' Report and the Combined Financial Statements for the Years Ended 31 March 2014, 2015 and 2016 and Nine-Month Period Ended 31 December 2016" and the "Independent Auditors' Report and the Compilation of the Unaudited Pro Forma Combined Financial Information for the Year Ended 31 March 2016 and Nine-Month Period Ended 31 December 2016" as set out in Appendices A and B, respectively, and the "Management's Discussion and Analysis of Results of Operations and Financial Position" section of this Offer Document.

This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Offer Document, particularly the "Risk Factors" section of this Offer Document. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumption by our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof. Please refer to the "Cautionary Note Regarding Forward-Looking Statements" section of this Offer Document.

OVERVIEW

We are an environmental engineering company with more than ten years of experience in the field of water and waste management. Leveraging our technical know-how and industry knowledge, we are able to provide total solutions and services to our customers in an efficient and cost-effective manner. Our expertise is in the design, supply, delivery, installation, commissioning, maintenance, repair and overhaul of 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.

Please refer to the "Business – Business Overview" section of this Offer Document for further details on our business.

Our Company was incorporated in Singapore on 27 February 2017 under the Act as a private company limited by shares, under the name "Sanli Environmental Pte. Ltd.". On 9 May 2017, our Company was converted into a public limited company and our name was changed to "Sanli Environmental Limited".

Our Company is the holding company of our subsidiaries, Sanli Engineering and Sanli Malaysia. As at the Latest Practicable Date, Sanli Engineering had a joint operation, Chye Joo – Sanli Joint Venture, with Chye Joo Construction Pte Ltd.

Please refer to the "General Information on our Group – Group Structure" section of this Offer Document for further details on our Group structure.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Revenue

Our total revenue amounted to S\$19.4 million, S\$37.3 million, S\$57.3 million, S\$42.6 million and S\$50.4 million in FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively.

Our revenue is project-based and is derived from our two business segments as follows:

(a) Engineering, Procurement and Construction

Revenue from the Engineering, Procurement and Construction segment is derived from the provision of engineering, procurement and construction services for our customers who require our water and waste management solutions. 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. The duration of each contract is usually between one and three years. Revenue from this business segment accounted for approximately 63.4%, 64.0%, 55.8%, 51.0% and 65.7% of our revenue in FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively.

(b) Operations and Maintenance

Revenue from the Operations and Maintenance segment is derived from the provision of both corrective and preventive maintenance services for our customers' operations. The duration of each contract is usually between two and three years. Revenue from this business segment accounted for approximately 36.6%, 36.0%, 44.2%, 49.0% and 34.3% of our revenue in FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively.

Revenue is measured at the fair value of the consideration received or receivable.

For our Engineering, Procurement and Construction projects, revenue is recognised with reference to the stage of completion of the contract activity at the end of the reporting period. 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 the 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. For our Operations and Maintenance projects, revenue is recognised as and when the service is delivered.

Our revenue may be affected by, *inter alia*, the following factors:

- (a) the Singapore government's policies, infrastructure plans, budget and expenditure in the sectors that we serve in Singapore, which may affect the number of public sector projects available for tender;
- (b) the development and growth of our private sector customers which will affect their capital expenditure budgets and the number of projects available for tender;
- (c) the number of invited tenders or referrals from customers or consultants whom we may have dealt with previously;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

- (d) our ability to compete effectively with existing competitors and new market entrants to secure new projects;
- (e) our ability to continue to meet our customers' requirements and provide our solutions and services at competitive prices, and maintain good working relationships with them;
- (f) our ability to carry out the projects within the time schedule as our revenue is recognised by reference to the stage of completion;
- (g) the variation orders arising from additional works which are not included in the original specifications of the contracts;
- (h) our ability to increase our existing customer base and expand into new markets;
- (i) our ability to attract and retain experienced and qualified project managers, engineers and other skilled workers to meet the demands of our customers; and
- (j) our ability to maintain the relevant licences, registrations, permits, approvals or exemptions necessary for our business operations.

Please refer to the "Risk Factors" and "Prospects, Business Strategies and Future Plans" sections of this Offer Document for other factors which may affect our revenue.

Cost of Contract Works

Our cost of contract works comprises material costs, direct labour costs, sub-contracting costs and overheads. Our cost of contract works amounted to S\$15.4 million, S\$31.0 million, S\$46.0 million, S\$34.0 million and S\$41.4 million, representing 79.4%, 82.9%, 80.4%, 79.9% and 82.1% of our total revenue in FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively.

Material costs

Material costs accounted for 72.7%, 74.7%, 68.3%, 67.3% and 70.4% of our cost of contract works for FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively. Material costs comprise M&E equipment, hardware components, tools and spares, and consumables.

Direct labour costs

Direct labour costs accounted for 16.4%, 13.9%, 16.1%, 16.0% and 14.8% of our cost of contract works for FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively. Direct labour costs comprise the salaries, overtime salaries, bonuses and statutory contributions (including foreign employees' levies) for our project managers, engineers, safety and quality control personnel, technicians and foreign workers.

Sub-contracting costs

Sub-contracting costs accounted for 8.4%, 8.7%, 12.4%, 13.5% and 11.3% of our cost of contract works for FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively. Sub-contracting costs comprise the cost of engaging third party providers whom we engage to perform civil works, M&E installation, plumbing works, building services and other specialist works.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Overheads

Overheads accounted for 2.5%, 2.7%, 3.2%, 3.2% and 3.5% of our cost of contract works for FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively. Overheads comprise project-related overheads including rental of dormitories for foreign workers, rental of site office and equipment such as generators and cranes, utilities, insurance, transportation, freight, haulage, tender expenses, professional engineer and survey fees, and out-of-pocket expense reimbursement to our employees.

Our cost of contract works may be affected by, *inter alia*, the following factors:

- (a) our ability to negotiate with our suppliers and sub-contractors on the prices of equipment, materials and other engineering services quoted to us;
- (b) our ability to manage our project costs and use of resources efficiently to avoid costs overruns;
- (c) the fluctuations in the prices of raw materials such as copper, aluminium and steel;
- (d) the fluctuations in the exchange rates of SGD against USD and JPY as certain of our purchases of equipment are denominated in foreign currencies;
- (e) the changes in the remuneration packages in order to attract and retain experienced and qualified project managers, engineers and other skilled workers to meet the demands of our customers;
- (f) the changes in the costs of our foreign personnel arising from the demand and supply conditions in the labour market which may be affected by, *inter alia*, the changes in government regulations and requirements in the countries from which our foreign personnel originate and/or changes in the government regulations or requirements imposed by local government and regulatory authorities such as changes in the foreign labour levies and quotas;
- (g) any disputes and claims which may erode our profitability; and
- (h) any additional costs and liquidated damages arising from unforeseen delays to project progress.

Please refer to the "Risk Factors" and "Prospects, Business Strategies and Future Plans" sections of this Offer Document for other factors which may affect our cost of contract works.

Other Income

Our other income amounted to S\$0.04 million, S\$0.09 million, S\$0.2 million, S\$0.1 million and S\$0.2 million in FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively. Our other income comprises mainly (a) government grants received from government agencies in relation to IRAS Wage Credit Scheme, Business Continuity Management Programme grant, Special Employment Credit, and Productivity and Innovation Credit, (b) interest income from fixed deposits and bank deposits, (c) sale of excess or scrap materials, (d) foreign exchange gain, and (e) rental income arising from the lease of our leasehold property at 50 Tuas Avenue 11 #02-15 Tuas Lot Singapore 639107.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Administrative Expenses

Our administrative expenses amounted to S\$1.6 million, S\$2.3 million, S\$3.5 million, S\$2.5 million and S\$2.5 million in FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively. Administrative expenses comprise mainly employee-related expenses such as directors' remuneration, salaries, bonuses and other employee benefits including statutory contributions for our employees in the administrative and human resource, finance and general operations functions (excluding direct labour costs recorded under costs of contract works), professional fees including business consultancy fees, insurance expenses, staff training costs, costs of upkeep of motor vehicles, printing and stationery expenses, telecommunication expenses, transport and travelling expenses, utilities and other office expenses.

Other Operating Expenses

Our other operating expenses amounted to S\$0.3 million, S\$0.4 million, S\$0.6 million, S\$0.3 million and S\$0.5 million in FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively. Our other operating expenses comprise depreciation of property, plant and equipment and foreign exchange losses.

Finance Costs

Our finance costs amounted to S\$0.07 million, S\$0.1 million, S\$0.2 million, S\$0.1 million and S\$0.2 million in FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively. Finance costs comprise interest expense incurred on (a) bank loans for working capital and for financing our leasehold properties, (b) finance lease for our motor vehicles under hire purchase, and (c) bills payable to banks for purchase of equipment.

Income Tax Expense

Our Group was subject to corporate tax at the applicable statutory tax rates in Singapore and Malaysia. The statutory corporate tax rates and effective tax rates applicable to our Group during the Period Under Review are set out as follows:

	FY2014	FY2015	FY2016	9M2016	9M2017
Prevailing statutory tax rate in Singapore (%)	17.0	17.0	17.0	17.0	17.0
Prevailing statutory tax rate in Malaysia (%)	25.0	25.0	24.0	24.0	24.0
Effective tax rate of our Group (%)	14.7	13.8	17.9	19.1	17.0

Our income tax expense amounted to S\$0.3 million, S\$0.5 million, S\$1.3 million, S\$1.1 million and S\$1.0 million in FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively, which translated to an effective tax rate of 14.7%, 13.8%, 17.9%, 19.1% and 17.0% in FY2014, FY2015, FY2016, 9M2016 and 9M2017, respectively. Our effective tax rates for FY2014 and FY2015 were lower than the Singapore statutory corporate tax rate of 17.0% mainly due to (a) corporate income tax rebates and tax effects of Singapore statutory stepped income exemptions in FY2014, and (b) corporate income tax rebates, tax effects of Singapore statutory stepped income exemptions,

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

over provision of tax in prior years and deductible taxable items in FY2015. Our effective tax rates for FY2016 and 9M2016 were marginally higher than the Singapore statutory corporate tax rate of 17.0% mainly due to under provision of tax in prior years. Our effective tax rate for 9M2017 of 17.0% is equivalent to the Singapore statutory corporate tax rate.

SEASONALITY

Generally, our business activities are not subject to any significant seasonal fluctuations.

INFLATION

Inflation in Singapore and Malaysia did not have a material impact on our operating performance during the Period Under Review.

REVIEW OF RESULTS OF OPERATIONS

A breakdown of our revenue by business segments for the Period Under Review is set out as follows:

Revenue	FY2014		FY2015		FY2016		9M2016		9M2017	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
Engineering, Procurement and Construction	12,305	63.4	23,897	64.0	31,975	55.8	21,721	51.0	33,135	65.7
Operations and Maintenance	7,102	36.6	13,448	36.0	25,289	44.2	20,877	49.0	17,266	34.3
Total	19,407	100.0	37,345	100.0	57,264	100.0	42,598	100.0	50,401	100.0

FY2014 vs FY2015

Revenue

Our revenue increased by S\$17.9 million or 92.4% from S\$19.4 million in FY2014 to S\$37.3 million in FY2015 due to increases in revenue of S\$11.6 million from the Engineering, Procurement and Construction segment and S\$6.3 million from the Operations and Maintenance segment.

Engineering, Procurement and Construction segment

Our revenue from the Engineering, Procurement and Construction segment increased by S\$11.6 million or 94.2% from S\$12.3 million in FY2014 to S\$23.9 million in FY2015 due to an increase in the execution of work for contracts secured in FY2015 and the recognition of revenue for work done in relation to contracts secured in prior years.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The projects that contributed significantly to our revenue in FY2015 included the following:

- (a) the replacement of M&E equipment and installation of additional centrifuge at Ulu Pandan water reclamation plant, which contributed S\$5.4 million of our revenue in FY2015;
- (b) the refurbishment of vibrating system at Tuas South Incineration Plant, which contributed S\$4.8 million of our revenue in FY2015;
- (c) the replacement of switchboards, water and sludge treatment process equipment and ancillary work at Johor River Waterworks as run by PUB, which contributed S\$2.4 million of our revenue in FY2015;
- (d) the renewal of equipment and upgrading of various used water pumping installations across 15 locations, which contributed S\$2.0 million of our revenue in FY2015;
- (e) the construction of pumping station, sewer mains and substation at Choa Chu Kang, which contributed S\$1.8 million of our revenue in FY2015; and
- (f) the replacement of pumps at Bedok Reservoir pumping station, which contributed S\$1.7 million of our revenue in FY2015.

Operations and Maintenance segment

Our revenue from the Operations and Maintenance segment increased by S\$6.3 million or 89.4% from S\$7.1 million in FY2014 to S\$13.4 million in FY2015 mainly due to an increase in the execution of servicing and overhaul maintenance works in FY2015 in relation to contracts secured in prior years.

Projects that contributed significantly to our revenue in FY2015 included the following:

- (a) the maintenance of headworks equipment at Changi water reclamation plant, which contributed S\$3.0 million of our revenue in FY2015;
- (b) the overhaul of aeration systems in water reclamation plants, which contributed S\$2.4 million of our revenue in FY2015;
- (c) the overhaul of centrifugal pumps, disintegrator and related equipment and maintenance works at various PUB installations, which contributed S\$2.0 million of our revenue in FY2015;
- (d) the term maintenance of ozone plant and equipment at Choa Chu Kang Waterworks and Bedok Waterworks, which contributed S\$1.2 million of our revenue in FY2015;
- (e) the overhaul of pumps in NEWater factories and waterworks, which contributed S\$1.0 million of our revenue in FY2015; and
- (f) the maintenance of M&E equipment at Changi water reclamation plant, which contributed S\$1.0 million of our revenue in FY2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Cost of Contract Works and Gross Profit

Our cost of contract works increased by S\$15.6 million or 101.0% from S\$15.4 million in FY2014 to S\$31.0 million in FY2015 due to increases in (a) material costs of S\$11.9 million, (b) sub-contracting costs of S\$1.4 million, (c) overhead costs of S\$0.5 million, in tandem with the increase in revenue, and (d) direct labour costs of S\$1.8 million mainly due to increases in the number of employees and average salaries of our project personnel.

Our gross profit increased by S\$2.4 million or 59.5% from S\$4.0 million in FY2014 to S\$6.4 million in FY2015, in tandem with the increase in revenue. The increase in gross profit in FY2015 *vis-à-vis* FY2014 was attributable to the increases in gross profit of S\$0.6 million from the Engineering, Procurement and Construction segment and S\$1.8 million from the Operations and Maintenance segment.

Our gross profit margin decreased by 3.5 percentage points from 20.6% in FY2014 to 17.1% in FY2015 mainly due to a higher increase in material and sub-contractor costs for one of our major projects from the Engineering, Procurement and Construction segment in FY2015.

Other Income

Our other income increased by S\$0.05 million or 123.8% from S\$0.04 million in FY2014 to S\$0.09 million in FY2015 mainly due to an increase in government grants received.

Administrative Expenses

Our administrative expenses increased by S\$0.6 million or 38.4% from S\$1.6 million in FY2014 to S\$2.3 million in FY2015 mainly due to increases in (a) employees' remuneration (including our Director's remuneration) as a result of annual salary increment, bonus and statutory contributions and an increase in the number of employees in our administrative, human resource, finance, and design and drafting departments amounting to an aggregate of S\$0.4 million, and (b) professional fees of S\$0.1 million.

Other Operating Expenses

Our other operating expenses increased by S\$0.1 million or 31.9% from S\$0.3 million in FY2014 to S\$0.4 million in FY2015 due to the increase in depreciation of property, plant and equipment and the recognition of a net foreign exchange loss in FY2015 *vis-à-vis* a net foreign exchange gain in FY2014.

Finance Costs

Our finance costs increased by S\$0.04 million or 53.5% from S\$0.07 million in FY2014 to \$0.11 million in FY2015 due to the interest expenses incurred from bank loans which commenced in mid-FY2014 *vis-a-vis* the interest expenses incurred for the full year in FY2015.

Profit attributable to owners of the Company

As a result of the above, our profit attributable to owners of the Company increased by S\$1.5 million or 84.6% from S\$1.8 million in FY2014 to S\$3.3 million in FY2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

FY2015 vs FY2016

Revenue

Our revenue increased by S\$19.9 million or 53.3% from S\$37.3 million in FY2015 to S\$57.3 million in FY2016 due to increases in revenue of S\$8.1 million from the Engineering, Procurement and Construction segment and S\$11.8 million from the Operations and Maintenance segment.

Engineering, Procurement and Construction segment

Our revenue from the Engineering, Procurement and Construction segment increased by S\$8.1 million or 33.8% from S\$23.9 million in FY2015 to S\$32.0 million in FY2016 mainly due to an increase in the recognition of revenue for work done in relation to contracts secured in prior years.

Projects that contributed significantly to our revenue in FY2016 included the following:

- (a) the refurbishment of vibrating system at Tuas South Incineration Plant, which contributed S\$6.4 million of our revenue in FY2016;
- (b) the construction of drains and supply of pumps at Lorong Halus, which contributed S\$4.8 million of our revenue in FY2016;
- (c) the renewal of equipment and upgrading of various used water pumping installations across 11 locations, which contributed S\$3.6 million of our revenue in FY2016;
- (d) the replacement of ozonation system at Bedok Waterworks, which contributed S\$2.6 million of our revenue in FY2016;
- (e) the replacement of pump sets, associated auxiliary equipment and pipelines at Jalan Eunus Booster Station, which contributed S\$1.7 million of our revenue in FY2016;
- (f) the replacement of phase 1 and 2 M&E equipment at Jurong water reclamation plant, which contributed S\$1.4 million of our revenue in FY2016; and
- (g) the enhancement of chlorine systems and plant safety at Johor River Waterworks as run by PUB, which contributed S\$1.0 million of our revenue in FY2016.

Operations and Maintenance segment

Our revenue from the Operations and Maintenance segment increased by S\$11.8 million or 88.1% from S\$13.4 million in FY2015 to S\$25.3 million in FY2016 due to an increase in the execution of preventive and overhaul maintenance servicing works for contracts secured in FY2016 and prior years.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Projects that contributed significantly to our revenue in FY2016 included the following:

- (a) the servicing and maintenance of screening, sludge, grit and related equipment at various water reclamation plants, which contributed S\$10.6 million of our revenue in FY2016;
- (b) the replacement of ultrafiltration membranes at the Chestnut Avenue Waterworks, which contributed S\$6.1 million of our revenue in FY2016; and
- (c) the maintenance of M&E equipment at Changi water reclamation plant, which contributed S\$2.7 million of our revenue in FY2016.

Cost of Contract Works and Gross Profit

Our cost of contract works increased by S\$15.1 million or 48.6% from S\$31.0 million in FY2015 to S\$46.0 million in FY2016 due to increases in (a) material costs of S\$8.3 million, (b) sub-contracting costs of S\$3.0 million, and (c) overhead costs of S\$0.7 million, in tandem with the increase in revenue, and (d) direct labour costs of S\$3.1 million mainly due to an increase in the number of project managers and engineers, and a higher amount of salaries for the general workers being recorded in FY2016 *vis-à-vis* FY2015 as a majority of them were recruited in the second half of FY2015.

Our gross profit increased by S\$4.9 million or 76.2% from S\$6.4 million in FY2015 to S\$11.2 million in FY2016, in tandem with the increase in revenue. The increase in gross profit in FY2016 *vis-a-vis* FY2015 was attributable to the increases in gross profit of S\$1.5 million from the Engineering, Procurement and Construction segment and S\$3.4 million from the Operations and Maintenance segment.

Our gross profit margin increased by 2.5 percentage points to 19.6% in FY2016 mainly as a result of the lower gross profit margin of 17.1% recognised in FY2015.

Other Income

Our other income increased by S\$0.08 million or 83.0% from S\$0.09 million in FY2015 to S\$0.17 million in FY2016 mainly due to an increase in government grants received of S\$0.1 million, offset by a decrease in sale of scrap materials of S\$0.02 million.

Administrative Expenses

Our administrative expenses increased by S\$1.3 million or 55.9% from S\$2.3 million in FY2015 to S\$3.5 million in FY2016 mainly due to increases in (a) employees' remuneration as a result of annual salary increment, bonus and statutory contributions for our employees and an increase in the number of employees in our administrative, human resource, finance, and design and drafting departments amounting to an aggregate of S\$0.9 million, (b) professional fees of S\$0.1 million, and (c) insurance, motor vehicles and office expenses amounting to an aggregate of S\$0.2 million.

Other Operating Expenses

Our other operating expenses increased by S\$0.2 million or 40.2% from S\$0.4 million in FY2015 to S\$0.6 million in FY2016 due to increases in foreign exchange loss of S\$0.1 million and depreciation of property, plant and equipment of S\$0.1 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Finance Costs

Our finance cost increased by S\$0.1 million or 57.8% from S\$0.1 million in FY2015 to \$0.2 million in FY2016 mainly due to interest expenses incurred from new bank loans which commenced in mid-FY2016.

Profit attributable to owners of the Company

As a result of the above, our profit attributable to owners of the Company increased by S\$2.7 million or 82.0% from S\$3.3 million in FY2015 to S\$5.9 million in FY2016.

9M2016 vs 9M2017

Revenue

Our revenue increased by S\$7.8 million or 18.3% from S\$42.6 million in 9M2016 to S\$50.4 million in 9M2017 due to an increase in revenue of S\$11.4 million from the Engineering, Procurement and Construction segment, offset by a decrease in revenue of S\$3.6 million from the Operations and Maintenance segment.

Our revenue from the Engineering, Procurement and Construction segment increased by S\$11.4 million or 52.5% from S\$21.7 million in 9M2016 to S\$33.1 million in 9M2017 mainly due to an increase in the recognition of revenue for work done in relation to contracts secured in prior years.

Projects that contributed significantly to our revenue in 9M2017 included the following:

- (a) the replacement of equipment at Choa Chu Kang Waterworks, which contributed S\$8.3 million of our revenue in 9M2017;
- (b) the civil and M&E works at Lower Seletar Waterworks, which contributed S\$4.3 million of our revenue in 9M2017;
- (c) the replacement of phase 1 and 2 M&E equipment at Jurong water reclamation plant, which contributed S\$4.2 million of our revenue in 9M2017;
- (d) the maintenance of ozone generators for ozone plant at Johor River Waterworks, as run by PUB, which contributed S\$3.4 million of our revenue in 9M2017; and
- (e) the replacement of pump sets, associated auxiliary equipment and pipelines at Jalan Eunos Booster Station, which contributed S\$3.0 million of our revenue in 9M2017.

Our revenue from the Operations and Maintenance segment decreased by S\$3.6 million or 17.3% from S\$20.9 million in 9M2016 to S\$17.3 million in 9M2017 due to the execution of contracts secured in 9M2017 which had lower contract values, offset by an increase in the execution of servicing and maintenance contracts secured in prior years.

Projects that contributed significantly to our revenue in 9M2017 included the following:

- (a) the servicing and maintenance of screening, sludge, grit and related equipment at various water reclamation plants, which contributed S\$8.7 million of our revenue in 9M2017;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

- (b) the replacement of ultrafiltration membranes at the Chestnut Avenue Waterworks, which contributed S\$5.3 million of our revenue in 9M2017; and
- (c) the servicing and support at Jurong industrial water supply system, which contributed S\$1.3 million of our revenue in 9M2017.

Cost of Contract Works and Gross Profit

Our cost of contract works increased by S\$7.4 million or 21.6% from S\$34.0 million in 9M2016 to S\$41.4 million in 9M2017 due to increases in (a) material costs of S\$6.2 million, (b) overhead costs of S\$0.4 million and (c) sub-contractor costs of S\$0.1 million, in tandem with the increase in revenue, and (d) direct labour costs of S\$0.7 million mainly due to increases in the number of project managers and engineers and average salaries of our project personnel.

Our gross profit increased by S\$0.4 million or 5.2% from S\$8.6 million in 9M2016 to S\$9.0 million in 9M2017 due to an increase in gross profit of S\$1.3 million from the Engineering, Procurement and Construction segment, offset by a decrease in gross profit of S\$0.9 million from the Operations and Maintenance segment.

Our gross profit margin decreased by 2.2 percentage points from 20.1% in 9M2016 to 17.9% in 9M2017 mainly due to a decrease in contribution from the Operations and Maintenance segment which contributed a higher gross profit margin.

Other Income

Our other income increased by S\$0.07 million or 69.5% from S\$0.10 million in 9M2016 to S\$0.16 million in 9M2017 due to an increase in government grants received of S\$0.03 million and increase in interest income from fixed deposits and bank deposits of S\$0.04 million.

Administrative Expenses

Our administrative expenses of S\$2.5 million in 9M2017 remained relatively stable as compared to 9M2016.

Other Operating Expenses

Our other operating expenses increased by S\$0.2 million or 63.0% from S\$0.3 million in 9M2016 to S\$0.5 million in 9M2017 due to an increase in depreciation of property, plant and equipment of S\$0.1 million and the recognition of a net foreign exchange loss of S\$0.1 million in 9M2017 *vis-a-vis* a net foreign exchange gain in 9M2016.

Finance Costs

Our finance costs increased by S\$0.08 million or 69.6% from S\$0.1 million in 9M2016 to \$0.2 million in 9M2017 mainly due to an increase in interest expenses incurred for bank loans and finance lease for our motor vehicles under hire purchase.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Profit attributable to owners of the Company

As a result of the above, our profit attributable to owners of the Company increased by S\$0.2 million or 4.9% from S\$4.7 million in 9M2016 to S\$4.9 million in 9M2017.

REVIEW OF FINANCIAL POSITION

As at 31 March 2016

Current Assets

Our current assets amounted to S\$21.9 million, representing 77.7% of our total assets. Our current assets comprised the following:

- (a) cash and cash equivalents of S\$6.6 million or 30.3% of our total current assets;
- (b) trade and other receivables of S\$7.0 million or 32.1% of our total current assets, comprising mainly trade receivables of S\$6.7 million, deposits of S\$0.2 million and prepayments of S\$0.1 million; and
- (c) contract work in progress in excess of billings of S\$8.2 million or 37.6% of our total current assets, comprising total costs incurred for our on-going projects and attributable profits, net of progress billings as at 31 March 2016.

Non-Current Assets

Our non-current assets amounted to S\$6.3 million, representing 22.3% of our total assets. Our non-current assets comprised the following:

- (a) property, plant and equipment of S\$5.7 million or 91.6% of our total non-current assets, comprising our leasehold properties of S\$4.4 million, renovation of S\$0.1 million, motor vehicles of S\$1.0 million, office equipment of S\$0.1 million and workshop equipment of S\$0.03 million; and
- (b) available-for-sale investments of S\$0.5 million or 8.4% of our total non-current assets, comprising quoted debt securities.

Current Liabilities

Our current liabilities amounted to S\$12.7 million, representing 75.7% of our total liabilities. Our current liabilities comprised the following:

- (a) borrowings of S\$2.8 million or 22.4% of total current liabilities, comprising bank loans of S\$1.8 million and bills payable to banks of S\$1.0 million. The bank loans bear interest at rates ranging from 2.2% to 3.4% per annum and are secured by mortgage of leasehold properties and/or joint and several guarantees by our Directors, with a repayment period of between two and 16 years. The bills payable to banks are secured by joint and several personal guarantees by our Directors, and are repayable within four to six months of their drawdown date;

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

- (b) trade and other payables of S\$8.0 million or 63.0% of total current liabilities, comprising (i) trade payables of S\$6.1 million, (ii) accruals of S\$1.3 million in relation to employees' bonus and salaries, statutory contributions and other operating expenses such as professional fees, and accrued project costs, (iii) dividends payable of S\$0.5 million to our shareholders, and (iv) other payables of S\$0.1 million in relation to monies withheld from our foreign employees;
- (c) finance lease of S\$0.09 million or 0.7% of our total current liabilities, comprising hire purchase for our motor vehicles. The tenure of the finance leases ranges from five to seven years, and bear interest rates ranging from 2.8% to 3.0% per annum; and
- (d) income tax payable of S\$1.8 million or 13.9% of our total current liabilities.

Non-Current Liabilities

Our non-current liabilities amounted to S\$4.1 million, representing 24.3% of our total liabilities. Our non-current liabilities comprised the following:

- (a) borrowings of S\$3.7 million or 91.3% of total non-current liabilities, comprising bank loans which bear interest at rates ranging from 2.2% to 2.9% per annum and are secured by the mortgage of leasehold properties and/or joint and several guarantees by our Directors, with a repayment period of between two and 16 years; and
- (b) finance leases of S\$0.4 million or 8.7% of our total non-current liabilities, comprising hire purchase for our motor vehicles. The tenure of the finance leases ranges from five to seven years, and bear interest rates ranging from 2.8% to 3.0% per annum.

Equity Attributable to owners of the Company

As at 31 March 2016, equity attributable to owners of the Company amounted to S\$11.4 million.

As at 31 December 2016

Current Assets

Our current assets amounted to S\$24.9 million, representing 81.3% of our total assets. Our current assets comprised the following:

- (a) cash and cash equivalents of S\$10.4 million or 41.9% of our total current assets;
- (b) trade and other receivables of S\$6.1 million or 24.5% of our total current assets, comprising trade receivables of S\$5.3 million, deposits of S\$0.2 million and prepayment of S\$0.6 million;
- (c) contract work in progress in excess of billings of S\$8.1 million or 32.6% of our total current assets, comprising total costs incurred for our on-going projects and attributable profits, net of progress billings as at 31 December 2016; and
- (d) available-for-sale investments of S\$0.3 million or 1.0% of our total current assets, comprising quoted debt securities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Non-Current Assets

Our non-current assets amounted to S\$5.7 million, representing 18.7% of our total assets. Our non-current assets comprised the following:

- (a) property, plant and equipment of S\$5.5 million or 95.3% of our total non-current assets, comprising our leasehold properties of S\$4.3 million, motor vehicles of S\$0.9 million, renovation of S\$0.1 million, office equipment of S\$0.1 million and workshop equipment of S\$0.02 million; and
- (b) available-for-sale investments of S\$0.3 million or 4.7% of our total non-current assets, comprising quoted debt securities.

Current Liabilities

Our current liabilities amounted to S\$19.1 million, representing 85.5% of our total liabilities. Our current liabilities comprised the following:

- (a) borrowings of S\$1.2 million or 6.4% of total current liabilities, comprising bank loans which bear interest rates ranging from 2.2% to 2.9% per annum and are secured by the mortgage of leasehold properties and/or joint and several personal guarantees by our Directors, with a repayment period of between two and 16 years;
- (b) trade and other payables of S\$15.1 million or 79.1% of total current liabilities, comprising (i) trade payables of S\$8.4 million, (ii) accruals of S\$2.6 million in relation to employees' bonus and salaries, statutory contributions and other operating expenses such as professional fees, and accrued project costs, (iii) dividends payable of S\$4.0 million to our Shareholders, and (iv) other payables of S\$0.1 million in relation to monies withheld from our foreign employees;
- (c) billings in excess of contract work-in-progress of S\$0.5 million or 2.6% of our total current liabilities, comprising progress billings to our customers for our on-going projects, net of total costs incurred and attributable profits as at 31 December 2016;
- (d) finance leases of S\$0.1 million or 0.5% of our total current liabilities, comprising hire purchase for our motor vehicles. The tenure of the finance leases ranges from five to seven years, and bear interest rates ranging from 2.8% to 3.0% per annum; and
- (e) income tax payable of S\$2.2 million or 11.4% of our total current liabilities.

Non-Current Liabilities

Our non-current liabilities amounted to S\$3.2 million, representing 14.5% of our total liabilities. Our non-current liabilities comprised the following:

- (a) borrowings of S\$3.0 million or 91.1% of total non-current liabilities, comprising bank loans which bear interest at rate of 2.2% per annum and are secured by the mortgage of leasehold properties and joint and several guarantees by our Directors, with a repayment period of between 15 and 16 years; and

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

- (b) finance leases of S\$0.3 million or 8.9% of our total non-current liabilities, comprising hire purchase for our motor vehicles. The tenure of the finance leases ranges from five to seven years, and bear interest rates ranging from 2.8% to 3.0% per annum.

Equity Attributable to owners of the Company

As at 31 December 2016, equity attributable to owners of the Company amounted to S\$8.3 million.

Reconciliation of audited and unaudited pro forma combined statement of profit or loss and other comprehensive income for the year ended 31 March 2016

Based on the unaudited pro forma combined statement of profit or loss and other comprehensive income for the financial year ended 31 March 2016, the following adjustments were made:

Administrative Expenses

Our administrative expenses increased by S\$0.06 million due to the payment of professional fees in relation to the Convertible Loan. For the purposes of the pro forma adjustments, the Convertible Loan was assumed to have been converted into 14,401,689 new Shares on 1 April 2015.

Other Operating Expenses

Our other operating expenses increased by S\$0.2 million due to an increase in the depreciation expenses which was attributable to the New Property. For the purposes of the pro forma adjustments, the purchase of the New Property was assumed to be on 1 April 2015.

Finance Costs

Our Group's finance costs increased by S\$0.2 million due to (a) the fixed interest of S\$0.12 million incurred for the Convertible Loan, and (b) the interest of S\$0.04 million accrued in relation to the loan financing for the New Property.

Profit attributable to owners of the Company

As a result of the above, our pro forma profit attributable to owners of the Company amounted to S\$5.6 million, which was lower than the audited profit attributable to owners of the Company of S\$5.9 million.

Reconciliation of audited and unaudited pro forma combined statement of profit or loss and other comprehensive income for the nine-month period ended 31 December 2016

Based on the unaudited pro forma combined statement of profit or loss and other comprehensive income for the financial year ended 31 December 2016, the following adjustments were made;

Other Operating Expenses

Our other operating expenses increased by S\$0.1 million due to an increase in the depreciation expenses which was attributable to the New Property. For the purposes of the pro forma adjustments, the purchase of the New Property was assumed to be on 1 April 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Finance Costs

Our finance costs increased by S\$0.03 million due to the interest accrued in relation to the loan financing for the New Property.

Profit attributable to owners of the Company

As a result of the above, our pro forma profit attributable to owners of the Company amounted to S\$4.8 million, which was lower than the audited profit attributable to owners of the Company of S\$4.9 million.

Reconciliation of audited and unaudited pro forma combined statement of financial position as at 31 March 2016

Based on the unaudited pro forma combined statement of financial position as at 31 March 2016, the following adjustments were made:

Current Assets

Our current assets amounted to S\$15.3 million, representing a decrease of S\$6.6 million. The decrease of S\$6.6 million was due to the decrease of cash and cash equivalents as a result of the payment of (a) the dividends of S\$8.0 million, (b) the purchase of the New Property of S\$2.4 million, (c) the fixed interest of S\$0.12 million incurred in relation to the Convertible Loan, and (d) the professional fees of S\$0.06 million in relation to the Convertible Loan, offset by the proceeds of S\$2.0 million received from the Convertible Loan and the bank loan of S\$2.0 million to finance the New Property.

Non-Current Assets

Our non-current assets amounted to S\$10.3 million, representing an increase of S\$4.0 million. The increase of S\$4.0 million was due to the purchase of the New Property.

Current Liabilities

Our current liabilities amounted to S\$14.5 million, representing an increase of S\$1.8 million. The increase of S\$1.8 million was due to increases in borrowings of S\$0.2 million to finance the purchase of the New Property, and trade and other payables of S\$1.6 million in relation to the purchase of the New Property.

Non-Current Liabilities

Our non-current liabilities amounted to S\$5.9 million, representing an increase of S\$1.8 million. The increase of S\$1.8 million was due to an increase in borrowings of S\$1.8 million to finance the purchase of the New Property.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Equity attributable to owners of the Company

Our equity attributable to owners of the Company amounted to S\$5.2 million, representing a decrease of S\$6.2 million. The decrease of S\$6.2 million was due to a decrease in retained earnings of S\$8.2 million as a result of the payment of (a) the dividends of S\$8.0 million, (b) the fixed interest of S\$0.12 million incurred in relation to the Convertible Loan, and (c) the professional fees of S\$0.06 million in relation to the Convertible Loan, offset by an increase in share capital of S\$2.0 million pursuant to the conversion of the Convertible Loan. For the purposes of the pro forma adjustments as at 31 March 2016, the Convertible Loan was assumed to have been converted into 14,401,689 new Shares on 31 March 2016. No adjustment was made to the depreciation of the New Property and the payment of the interest in relation to the loan financing for the New Property as the purchase of the New Property was assumed to be on 31 March 2016.

Reconciliation of audited and unaudited pro forma combined statement of financial position as at 31 December 2016

Based on the unaudited pro forma combined statement of financial position as at 31 December 2016, the following adjustments were made:

Current Assets

Our current assets amounted to S\$22.3 million, representing a decrease of S\$2.6 million. The decrease of S\$2.6 million was due to the decrease of cash and cash equivalents as a result of the payment of (a) the dividends of S\$4.0 million, (b) the purchase of the New Property of S\$2.4 million, (c) the fixed interest of S\$0.12 million incurred in relation to the Convertible Loan, and (d) the professional fees of S\$0.06 million in relation to the Convertible Loan, offset by the proceeds of S\$2.0 million received from the Convertible Loan and the bank loan of S\$2.0 million to finance the New Property.

Non-Current Assets

Our non-current assets amounted to S\$9.7 million, representing an increase of S\$4.0 million. The increase of S\$4.0 million was due to the purchase of the New Property of S\$4.0 million.

Current Liabilities

Our current liabilities amounted to S\$16.9 million, representing a decrease of S\$2.2 million. The decrease of S\$2.2 million was due to a decrease in trade and other payables of S\$2.4 million arising from the payment of the dividends of S\$4.0 million which was paid in December 2016, offset by the increases in trade and other payables of S\$1.6 million in relation to the purchase of the New Property, and borrowings of S\$0.2 million to finance the purchase of the New Property.

Non-Current Liabilities

Our non-current liabilities amounted to S\$5.0 million, representing an increase of S\$1.8 million. The increase of S\$1.8 million was due to an increase in borrowings of S\$1.8 million to finance the purchase of the New Property.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Equity attributable to owners of the Company

Our equity attributable to owners of the Company amounted to S\$10.1 million, representing an increase of S\$1.8 million. The increase of S\$1.8 million was due to an increase in share capital of S\$2.0 million pursuant to the conversion of the Convertible Loan, offset by a decrease in retained earnings of S\$0.2 million as a result of the payment of (a) the fixed interest of S\$0.12 million incurred in relation to the Convertible Loan, and (b) the professional fees of S\$0.06 million in relation to the Convertible Loan. For the purposes of the pro forma adjustments as at 31 December 2016, the Convertible Loan was assumed to have been converted into 14,401,689 new Shares on 31 December 2016. No adjustment was made to the depreciation of the New Property and the payment of interest in relation to the loan financing and depreciation for the New Property as the purchase of the New Property was assumed to be on 31 December 2016.

LIQUIDITY AND CAPITAL RESOURCES

We financed our growth and operations through a combination of shareholders' equity (including retained earnings), net cash generated from operating activities and banking facilities from financial institutions. Our principal uses of cash have been for financing project-related costs, working capital requirements, and capital expenditure.

Based on the audited combined statement of financial position as at 31 March 2016, our equity attributable to owners of the Company amounted to S\$11.4 million and indebtedness to financial institutions amounted to S\$7.0 million.

Based on the audited combined statement of financial position as at 31 December 2016, our shareholder's equity amounted to S\$8.3 million and indebtedness to financial institutions amounted to S\$4.6 million. As at 31 December 2016, our available credit facilities amounted to S\$18.6 million, of which S\$8.2 million had been utilised and S\$10.4 million was unutilised.

As at the Latest Practicable Date, we had cash and cash equivalents of S\$13.1 million. Our available credit facilities amounted to S\$18.6 million, of which S\$9.4 million had been utilised and S\$9.2 million was unutilised. The tenure of our utilised credit facilities range from two to 16 years. Please refer to the "Capitalisation and Indebtedness" section of this Offer Document for further details.

Our Directors are of the reasonable opinion that, after taking into account the cash flow generated from our Group's operations, our Group's existing cash and cash equivalents and the available credit facilities from financial institutions, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for our present requirements and for at least 12 months after the listing of our Company on Catalist.

The Sponsor is of the reasonable opinion that, after having made due and careful enquiry and after taking into account the cash flow generated from our Group's operations, our Group's existing cash and cash equivalents and the available credit facilities from financial institutions, the working capital available to our Group as at the date of lodgement of this Offer Document is sufficient for our present requirements and for at least 12 months after the listing of our Company on Catalist.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following table sets out the summary of the Group's cash flows for FY2014, FY2015, FY2016, 9M2016 and 9M2017:

(S\$'000)	← FY2014	Audited FY2015	FY2016 →	Unaudited 9M2016	Audited 9M2017
Net cash flows from operating activities	3,265	2,760	3,121	4,277	10,510
Net cash flows used in investing activities	(1,082)	(199)	(1,178)	(745)	(45)
Net cash flows generated from/(used in) financing activities	116	(1,660)	446	772	(6,654)
Net increase in cash and cash equivalents	2,299	901	2,389	4,304	3,811
Cash and cash equivalents at beginning of the financial years/periods	1,035	3,334	4,235	4,235	6,624
Cash and cash equivalents at end of the financial years/periods	3,334	4,235	6,624	8,539	10,435

FY2014

In FY2014, net cash flows from operating activities amounted to S\$3.3 million due to operating cash flows before movements in working capital of S\$2.4 million, adjusted for net cash inflow from working capital changes of S\$0.9 million and income tax paid of S\$0.04 million.

Net cash inflow from working capital changes of S\$0.9 million was a result of increases in (a) trade and other payables of S\$2.4 million due to an increase in purchases in tandem with the increased business activities, and (b) billings in excess of contract work-in-progress of S\$0.8 million, offset by increases in (a) trade and other receivables of S\$0.6 million in line with the increase in revenue, and (b) contract work-in-progress in excess of billings of S\$1.6 million.

Net cash used in investing activities amounted to S\$1.1 million due to purchase of property, plant and equipment of S\$1.2 million mainly in relation to the purchase of our current premises at 15 Kian Teck Drive Singapore 628832, offset by an injection of funds of S\$0.1 million in relation to the incorporation of a company which had been struck off as at the Latest Practicable Date. Please refer to the "History" section of this Offer Document for further details of the company.

Net cash from financing activities amounted to S\$0.1 million due to the receipt of proceeds from borrowings of S\$1.0 million, offset by (a) dividends paid to our shareholders of S\$0.4 million, (b) repayment of borrowings of S\$0.4 million, and (c) interest paid in relation to borrowings of S\$0.1 million.

As a result of the above, there was a net increase of S\$2.3 million in cash and cash equivalents. As at 31 March 2014, our cash and cash equivalents amounted to S\$3.3 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

FY2015

In FY2015, net cash flows from operating activities amounted to S\$2.8 million due to operating cash flows before movements in working capital of S\$4.2 million, adjusted for net cash outflow from working capital changes of S\$1.4 million and income tax paid of S\$0.03 million.

Net cash outflow from working capital changes of S\$1.4 million was a result of (a) an increase in contract work-in-progress in excess of billings of S\$6.0 million, and (b) a decrease in billings in excess of contract work-in-progress of S\$0.8 million, offset by (a) an increase in trade and other payables of S\$4.5 million due to an increase in purchases in tandem with the increased business activities and our prudent cashflow management, and (b) a decrease in trade and other receivables of S\$0.8 million due to better collection of trade debts as a result of our increased efforts to obtain prompt payment from our customers.

Net cash used in investing activities amounted to S\$0.2 million mainly due to purchase of office equipment, motor vehicles, workshop equipment and renovation for our premises at 15 Kian Teck Drive Singapore 628832.

Net cash used in financing activities amounted to S\$1.7 million mainly due to (a) dividends paid to our shareholders of S\$0.8 million, (b) repayment of borrowings of S\$0.8 million, and (c) interest paid in relation to borrowings of S\$0.1 million.

As a result of the above, there was a net increase of S\$0.9 million in cash and cash equivalents. As at 31 March 2015, our cash and cash equivalents amounted to S\$4.2 million.

FY2016

In FY2016, net cash flows from operating activities amounted to S\$3.1 million due to operating cash flows before movements in working capital of S\$7.8 million, adjusted for net cash outflow from working capital changes of S\$4.3 million and income tax paid of S\$0.3 million.

Net cash outflow from working capital changes of S\$4.3 million was a result of (a) an increase in trade and other receivables of S\$3.6 million due to an increase in revenue, and (b) a decrease in trade and other payables of S\$0.8 million due to prompt payment to suppliers, offset by a decrease in contract work-in-progress in excess of billings of S\$0.1 million.

Net cash used in investing activities amounted to S\$1.2 million mainly due to (a) purchase of property, plant and equipment of S\$0.7 million mainly in relation to motor vehicles, and (b) acquisition of quoted debt securities of S\$0.5 million, offset by proceeds from disposal of motor vehicles and office equipment of S\$0.03 million.

Net cash from financing activities amounted to S\$0.4 million due to proceeds from bank borrowings of S\$3.0 million, offset by (a) dividends paid to our shareholders of S\$0.9 million, (b) repayment of borrowings of S\$1.5 million, (c) interest paid in relation to borrowings of S\$0.2 million, and (d) repayment of finance lease for our motor vehicles of S\$0.02 million.

As a result of the above, there was a net increase of S\$2.4 million in cash and cash equivalents. As at 31 March 2016, our cash and cash equivalents amounted to S\$6.6 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

9M2016

In 9M2016, net cash flows from operating activities amounted to S\$4.3 million due to operating cash flows before movements in working capital of S\$6.1 million, adjusted for net cash outflow from working capital changes of S\$1.7 million and income tax paid of S\$0.1 million.

Net cash outflow from working capital changes of S\$1.7 million was a result of increases in (a) trade and other receivables of S\$2.2 million due to an increase in revenue, and (b) contract work-in-progress in excess of billings of S\$0.6 million, offset by an increase in trade and other payables of S\$1.0 million due to an increase in purchases in tandem with the increased business activities.

Net cash used in investing activities amounted to S\$0.7 million mainly due to (a) purchase of motor vehicles and office equipment of S\$0.2 million, and (b) acquisition of quoted debt securities of S\$0.5 million.

Net cash from financing activities amounted to S\$0.8 million mainly due to proceeds from bank borrowings of S\$3.0 million, offset by (a) dividends paid to our shareholders of S\$0.2 million, (b) repayment of borrowings of S\$1.9 million, and (c) interest paid in relation to borrowings of S\$0.1 million.

As a result of the above, there was a net increase of S\$4.3 million in cash and cash equivalents. As at 31 December 2016, our cash and cash equivalents amounted to S\$8.5 million.

9M2017

In 9M2017, net cash flows from operating activities amounted to S\$10.5 million due to operating cash flows before movements in working capital of S\$6.5 million, adjusted for net cash inflow from working capital changes of S\$4.6 million and income tax paid of S\$0.6 million.

Net cash inflow from working capital changes of S\$4.6 million was a result of (a) a decrease in trade and other receivables of S\$0.9 million due to better collection of trade debts, (b) a decrease in contract work-in-progress in excess of billings of S\$0.1 million, (c) an increase in trade and other payables of S\$3.1 million due to an increase in purchases in tandem with the increased business activities, and (d) an increase in billings in excess of contract work-in-progress of S\$0.5 million.

Net cash used in investing activities amounted to S\$0.05 million due to the purchase of motor vehicles, office equipment and renovation of S\$0.09 million, offset by interest received of S\$0.04 million in relation to our fixed deposits and bank deposits.

Net cash used in financing activities amounted to S\$6.7 million due to (a) dividends paid to our shareholders of S\$4.0 million, (b) repayment of borrowings of S\$2.4 million, (c) repayment of our finance lease for our motor vehicles of S\$0.1 million, and (d) interest paid in relation to borrowings of S\$0.2 million.

As a result of the above, there was an increase of S\$3.8 million in cash and cash equivalents. As at 31 December 2016, our cash and cash equivalents amounted to S\$10.4 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

FOREIGN EXCHANGE MANAGEMENT

Accounting Treatment of Foreign Currencies

The functional currencies of companies in our Group are S\$ and RM. Transactions in foreign currencies are recorded in the functional currency at the rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities 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 at the end of each reporting period and are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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.

Foreign Exchange Exposure

Our reporting currency is S\$. Our sales and majority of our purchases are denominated and transacted in S\$. Our purchases in foreign currency, though not material, are mainly denominated and transacted in US\$ and JPY.

To the extent that our Group's sales and purchases are not naturally matched in the same currency (for instances, due to changes in billing currencies by suppliers) and to the extent that there are timing differences between invoicing and the payments to suppliers, we will be exposed to foreign currency exchange gains or losses arising from transactions in currencies other than our reporting currency. Please refer to the "Risk Factors" section of this Offer Document for more details.

The Group recorded a net foreign exchange gain amounting to S\$2,000 and S\$70,000 for FY2014 and 9M2016, respectively, and a net foreign exchange loss of S\$30,000, S\$137,000 and S\$109,000 for FY2015, FY2016 and 9M2017, respectively.

Since our foreign currency exposure is not material, we currently do not have a formal hedging policy. We do however assess each transaction on a case by case basis. We continue to monitor our foreign exchange exposure and will hedge any foreign exchange exposure when the need arises. If necessary, when the foreign currency exposure becomes material to the Group in the future, we will formalise a hedging policy to be approved by our Audit Committee and our Board.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in our accounting policies during the Period Under Review. Please refer to the "Independent Auditors' Report and the Combined Financial Statements for the Years Ended 31 March 2014, 2015 and 2016 and Nine-Month Period Ended 31 December 2016" as set out in Appendix A of this Offer Document for details on our Group's accounting policies.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

A number of new standards, amendments to standards and interpretations to the Singapore Financial Reporting Standards have been issued and are effective for annual periods beginning after 1 January 2018, and as such, have not been applied in preparing our financial statements. Our management has preliminarily assessed that the adoption of these new standards, amendments to standards and interpretations to the Singapore Financial Reporting Standards in the period of their initial adoption will not have a material impact on our combined financial statements. It is currently impracticable to disclose any further information on the known or reasonably estimated impact until the detailed assessment is complete.

GENERAL INFORMATION ON OUR GROUP

SHARE CAPITAL

Our Company was incorporated in Singapore on 27 February 2017 under the Act as a private company limited by shares, under the name “Sanli Environmental Pte. Ltd.”. On 9 May 2017, our Company changed its name to “Sanli Environmental Limited” in connection with its conversion to a public company limited by shares.

As at the date of incorporation of our Company, the issued and paid-up share capital of our Company was S\$4 comprising four Shares, with one share held by each of Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat.

Pursuant to the acquisition of Sanli Engineering (together with its subsidiary, Sanli Malaysia) under the Restructuring Exercise, the issued and paid-up share capital of our Company was increased to S\$8,255,352 comprising 8,255,352 Shares.

Pursuant to written resolutions dated 9 May 2017, our Shareholders approved, *inter alia*, the following:

- (a) the sub-division of 8,255,352 Shares in the issued and paid-up share capital of our Company into 202,256,124 Shares;
- (b) the conversion of our 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) the grant of authority to our Directors to:
 - (A) (i) allot and issue shares in the capital of our 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 our 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 Instrument made or granted by our Directors while this authority was in force,

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 our Company (as calculated in accordance with

GENERAL INFORMATION ON OUR GROUP

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

As at the date of this Offer Document, our Company had only one class of shares, being ordinary shares. The rights and privileges of our Shares are stated in our Constitution. A summary of the Constitution of our Company relating to, among others, the voting rights and privileges of our Shareholders is set out in Appendix C of this Offer Document.

There are no founder, management or deferred shares. The New Shares shall have the same interest and voting rights as our existing issued Shares that were issued prior to the Invitation and there are no restrictions on the free transferability of our Shares.

Save for the Employee Shares which were offered to our employees for purchase at nominal consideration (please refer to the “General Information on our Group – Restructuring Exercise” section of this Offer Document for further details), no person has been, or is entitled to be, given an option to subscribe for or purchase any securities of our Company or our subsidiaries. No option to subscribe for Shares in our Company has been granted to, or was exercised by, any of our Directors.

As at the date of this Offer Document, the issued and paid-up share capital of our Company is S\$10,255,352 comprising 216,657,813 Shares. Upon the allotment and issue of the New Shares which are the subject of the Invitation, the resultant issued and paid-up share capital of our Company will be S\$21,280,140 comprising 268,657,813 Shares.

GENERAL INFORMATION ON OUR GROUP

Details of the changes in the issued and paid-up share capital of our Company since incorporation and immediately after the Invitation are as follows:

	Number of Shares	Issued and paid-up share capital (S\$)
Issued and paid-up share capital as at the incorporation of our Company	4	4
Issue of Shares pursuant to the acquisition of Sanli Engineering	8,255,348	8,255,348
Issued and paid-up share capital immediately after the acquisition of Sanli Engineering	8,255,352	8,255,352
Sub-Division	202,256,124	8,255,352
Issue of Shares pursuant to the conversion of the Convertible Loan	14,401,689	2,000,000
Issue of New Shares pursuant to the Invitation	52,000,000	11,024,788 ⁽¹⁾
Post-Invitation issued and paid-up share capital	268,657,813	21,280,140

Note:

- (1) After deducting expenses incurred in relation to the Invitation of approximately S\$0.67 million which is capitalised against share capital as described in the “Use of Proceeds from the Invitation and Listing Expenses Incurred” section of this Offer Document. The remaining expenses of approximately S\$1.31 million will be charged to profit or loss.

Save as disclosed above, there were no changes in the issued and paid-up share capital of our Company since incorporation.

RESTRUCTURING EXERCISE

The Restructuring Exercise, comprising the following steps, was undertaken by our Group in connection with the Invitation:

(a) Incorporation of our Company

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

(b) Acquisition of Sanli Engineering

Prior to the share swap described below, Sanli Engineering had an issued and paid-up share capital of S\$1,500,000 comprising 1,500,000 ordinary shares. Each of Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat held 375,000 ordinary shares.

GENERAL INFORMATION ON OUR GROUP

Pursuant to the Restructuring Agreement entered into among our Company, Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat:

- (i) our Company acquired 1,500,000 ordinary shares, representing the entire issued and paid-up share capital of Sanli Engineering from Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat for a consideration of S\$8,255,348, which was based on the audited NAV of Sanli Engineering as at 31 December 2016; and
- (ii) the consideration was satisfied in the following manner:
 - (A) our Company issued 6,086,752 Shares, credited as fully paid at S\$1 per Share, to Typha Holdings on the direction of Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat; and
 - (B) our Company issued 542,149 Shares, credited as fully paid at S\$1 per Share, to each of Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat.

Upon the completion of the acquisition of Sanli Engineering on 8 May 2017, our Company had an issued and paid-up share capital of S\$8,255,352, comprising 8,255,352 Shares.

(c) Sub-Division of Shares

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

(d) Transfers of Employee Shares

On 11 May 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 our Group to encourage greater dedication and loyalty to our Group.

Each employee paid a nominal consideration of S\$1 for the Employee Shares transferred to him and the Employee Shares shall be subject to a moratorium. Please refer to the “General Information on our Group – Moratorium” section of this Offer Document for further details on the employees’ moratorium undertakings. Further, in the event that an employee ceases to be employed by us, he will have to transfer such number of Employee Shares at an aggregate nominal consideration of S\$1 back to Typha Holdings as follows:

- (i) if his employment is terminated within one year from the date of listing of our Company on Catalist, all the Employee Shares held by him; and
- (ii) if his employment is terminated within the second year from the date of listing of our Company on Catalist, 50% of the Employee Shares held by him.

GENERAL INFORMATION ON OUR GROUP

Such Employee Shares transferred back to Typha Holdings would be subject to the applicable moratorium undertaking by Typha Holdings as described under the “General Information on our Group – Moratorium” section of this Offer Document. In relation to the Employee Shares, a share based payment expense of an aggregate of approximately S\$0.6 million will be charged to the profit or loss pursuant to the transfer of the Employee Shares over a period of 24 months commencing from the date of listing of our Company on Catalist.

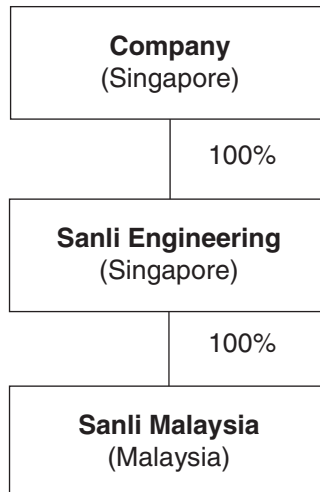
(e) Pre-IPO Investor

Pursuant to the Investment Agreement dated 3 February 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 our Group’s business and for working capital purposes. On 25 May 2017, the Convertible Loan was repaid by Sanli Engineering through the issue of 14,401,689 Shares by our 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 any of our Directors, Controlling Shareholders and their Associates or the Sponsor.

GROUP STRUCTURE

Our Group structure after the Restructuring Exercise and as at the date of this Offer Document is as follows:



GENERAL INFORMATION ON OUR GROUP

Our subsidiaries

The details of our subsidiaries as at the date of this Offer Document are as follows:

Name	Date and place of incorporation	Principal place of business	Principal business activities	Paid-up capital	Effective equity interest held by our Group
Sanli Engineering	29 March 2006, Singapore	Singapore	Engineering, procurement and construction solutions and services in the field of water and waste management	S\$1,500,000	100%
Sanli Malaysia	21 February 2014, Malaysia	Malaysia	Project management, contracting, and M&E engineering services in the water treatment industry	RM750,000	100%

Our subsidiaries are not listed on any stock exchange.

None of our Independent Directors sits on the board of our subsidiaries.

On 5 July 2016, Sanli Engineering entered into a joint venture agreement with Chye Joo Construction Pte Ltd to undertake a project from PUB. Pursuant to the aforesaid agreement, a joint operation under the name of Chye Joo – Sanli Joint Venture was formed, with Sanli Engineering and Chye Joo Construction Pte Ltd holding 45.07% and 54.93% interests, respectively, in the joint operation and bearing the risks and rewards of the joint operation in the same proportion.

GENERAL INFORMATION ON OUR GROUP

SHAREHOLDERS

Our Shareholders and their respective shareholdings immediately before and after the Invitation are set out below:

	Before the Invitation				After the Invitation			
	Direct interest		Deemed interest		Direct interest		Deemed interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors								
Ng Lip Chi, Lawrence	–	–	–	–	–	–	–	–
Sim Hock Heng ⁽¹⁾	13,282,675	6.13	146,468,846	67.60	13,282,675	4.94	146,468,846	54.52
Kew Boon Kee ⁽¹⁾	13,282,675	6.13	146,468,846	67.60	13,282,675	4.94	146,468,846	54.52
Pek Kian Boon ^{(1) (2)}	13,282,675	6.13	147,118,846	67.90	13,282,675	4.94	147,118,846	54.76
Lee Tien Chiat ⁽¹⁾	13,282,675	6.13	146,468,846	67.60	13,282,675	4.94	146,468,846	54.52
Chan Hock Leong	–	–	–	–	–	–	–	–
Elaine Beh Pur-Lin	–	–	–	–	–	–	–	–
Substantial Shareholders (other than Directors)								
Typha Holdings ⁽¹⁾	146,468,846	67.60	–	–	146,468,846	54.52	–	–
Other Shareholders								
Employees ⁽²⁾	2,656,578	1.23	–	–	2,656,578	1.00	–	–
Pre-IPO Investor	14,401,689	6.65	–	–	14,401,689	5.36	–	–
Public	–	–	–	–	52,000,000	19.36	–	–
TOTAL	216,657,813	100.00			268,657,813	100.00		

Notes:

- (1) Typha Holdings, our Substantial Shareholder, is an investment holding company incorporated in Singapore whose shareholders are Sim Hock Heng (our Chief Executive Officer) (25.0%), Kew Boon Kee (our Executive Director) (25.0%), Pek Kian Boon (our Executive Director) (25.0%) and Lee Tien Chiat (our Executive Director) (25.0%). As such, Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat are deemed to be interested in the Shares held by Typha Holdings under Section 4 of the SFA.
- (2) To recognise and reward employees for their past contributions and services and to align their interests with our Group to encourage greater dedication and loyalty to our Group, Typha Holdings had transferred an aggregate of 2,656,578 Employee Shares to 83 employees. Each employee paid a nominal consideration of \$1.00 for the Employee Shares transferred to him and the Employee Shares shall be subject to a moratorium (please refer to the "General Information on our Group – Moratorium" section of this Offer Document for further details on the employees' moratorium undertakings). Each of these employees holds less than 5.0% of the pre-Invitation share capital of our Company. In relation to the Employee Shares, a share based payment expense of an aggregate of approximately S\$0.6 million will be charged to the profit or loss pursuant to the transfer of the Employee Shares over a period of 24 months commencing from the date of listing of our Company on Catalyst.

Save for Shoo Sook Fun (our Executive Officer), who received 650,000 Employee Shares and who is the wife of Pek Kian Boon (our Executive Director), none of these employees are related to our Directors and Substantial Shareholders. Pek Kian Boon is deemed to have an interest in the 650,000 Shares held by his wife, Shoo Sook Fun.

Toh Chiew Khim (our Executive Officer) received 275,000 Employee Shares.

GENERAL INFORMATION ON OUR GROUP

Save as disclosed above, none of our Directors, Executive Officers and Substantial Shareholders are related.

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the New Shares which are the subject of the Invitation.

Save as disclosed above, our Company is not directly or indirectly owned or controlled, whether severally or jointly, by any person or government.

There is no known arrangement the operation of which may, at a subsequent date, result in a change in the control of our Company.

There are no shares in our Company that are held by or on behalf of our Company or by our subsidiaries.

There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of shares of another corporation or units of a business trust which has occurred between 1 April 2015 and the Latest Practicable Date.

Significant Changes in Percentage of Ownership

Save as disclosed under the “General Information on our Group – Restructuring Exercise” and “General Information on our Group – Share Capital” sections of this Offer Document, there were no significant changes in the percentage of ownership of Shares in our Company during the Period Under Review and up to the Latest Practicable Date.

MORATORIUM

In demonstration of their commitment to our Group, our existing Shareholders comprising:

- (a) our Chief Executive Officer, Sim Hock Heng;
- (b) our Executive Directors, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat;
- (c) Typha Holdings; and
- (d) the employees to whom Typha Holdings had transferred the Employee Shares,

who collectively hold an aggregate of 202,256,124 Shares representing 75.28% of our Company's issued share capital after the Invitation, have irrevocably and unconditionally undertaken not to, directly or indirectly:

- (a) offer, sell, contract to sell, realise, transfer, assign, grant any option, right or warrant to purchase, lend, pledge, grant any security over, encumber or otherwise dispose of any part of their respective interests in the issued share capital of our Company immediately after the Invitation (adjusted for any bonus issue or sub-division of Shares) (“**Lock-up Shares**”);
- (b) enter into any transaction or other arrangement, in whole or in part, (including any swap, hedge or derivative transaction) with a similar economic effect to the foregoing, whether such transaction is to be settled by delivery of the Lock-up Shares, in cash or otherwise;
- (c) deposit all of their effective interest, in any Lock-Up Shares in any depository receipt facility;

GENERAL INFORMATION ON OUR GROUP

- (d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or
- (e) publicly announce any intention to do any of the above,

for a period of 12 months commencing from the date of listing of our Company on Catalist (the **"First Lock-up Period"**), and they further undertake that the aforesaid restrictions shall apply to their respective interests in 50% of the Lock-up Shares (adjusted for any bonus issue or sub-division of Shares) for a period of 12 months immediately following the First Lock-up Period. The Lock-up Shares of Typha Holdings include any Employee Shares which may be transferred back to Typha Holdings following the employee's termination of employment within the period of two years from the date of listing of our Company on Catalist.

Further, Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat, who collectively hold the entire issued share capital of Typha Holdings, have irrevocably and unconditionally undertaken not to, directly or indirectly:

- (a) offer, sell, contract to sell, realise, transfer, assign, grant any option, right or warrant to purchase, lend, pledge, grant any security over, encumber or otherwise dispose of any part of their respective interests in the issued share capital of Typha Holdings immediately after the Invitation (adjusted for any bonus issue or sub-division of shares) (the **"Typha Holdings Shares"**);
- (b) enter into any transaction or other arrangement, in whole or in part, (including any swap, hedge or derivative transaction) with a similar economic effect to the foregoing, whether such transaction is to be settled by delivery of the Typha Holdings Shares, in cash or otherwise;
- (c) deposit all of their effective interest, in any Typha Holdings Shares in any depository receipt facility;
- (d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or
- (e) publicly announce any intention to do any of the above,

for a period of 24 months commencing from the date of listing of our Company on Catalist.

In addition, the Pre-IPO Investor, who holds 14,401,689 Shares representing 5.36% of our Company's issued share capital after the Invitation, has irrevocably and unconditionally undertaken not to, directly or indirectly:

- (a) offer, sell, contract to sell, realise, transfer, assign, grant any option, right or warrant to purchase, lend, pledge, grant any security over, encumber or otherwise dispose of any part of its interest in the issued share capital of our Company immediately after the Invitation (adjusted for any bonus issue or sub-division of Shares) (**"Pre-IPO Shares"**);
- (b) enter into any transaction or other arrangement, in whole or in part, (including any swap, hedge or derivative transaction) with a similar economic effect to the foregoing, whether such transaction is to be settled by delivery of the Pre-IPO Shares, in cash or otherwise;
- (c) deposit all of its effective interest, in any Pre-IPO Shares in any depository receipt facility;

GENERAL INFORMATION ON OUR GROUP

(d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

(e) publicly announce any intention to do any of the above,

for a period of six months commencing from the date of listing of our Company on Catalist (the **“Pre-IPO Lock-up Period”**), and it further undertakes that the aforesaid restrictions shall apply to its interest in 50% of the Lock-up Shares (adjusted for any bonus issue or sub-division of Shares) for a period of six months immediately following the Pre-IPO Lock-up Period.

HISTORY

OUR HISTORY

The history of our Group may be traced back to the incorporation of Sanli Engineering on 29 March 2006 by our founding shareholders and Executive Directors, Sim Hock Heng, Kew Boon Kee and Pek Kian Boon. Our founding shareholders were previously engineers involved in the project management and day-to-day operations of a Singapore-listed water and waste treatment company.

We commenced business providing maintenance, repair and overhaul services as well as engineering, procurement and construction services to customers in the water and wastewater treatment industry. Within three months of our incorporation, we secured five contracts with an aggregate value of S\$1.0 million. At that time, we operated out of our premises at 39 Senoko Way #01-01 Singapore 758052.

Within our first year of operation, we achieved a major breakthrough by securing our first contract from PUB as a main contractor, to refurbish the electrical system at the Kranji Water Reclamation Plant. Thereafter in 2007, we secured another project with a contract value of S\$3.5 million as a sub-contractor, to carry out engineering, procurement and construction services at the Serangoon Reservoir.

In May 2007, we relocated to Block 1 Yishun Street 23 #01-08 YS-ONE Industrial Building Singapore 639107 with a built-up area of approximately 172.0 sqm where we set up our workshop, in line with our efforts to expand our maintenance, repair and overhaul business.

In October 2007, Lee Tien Chiat, our Executive Director, invested in Sanli Engineering on the invitation of our founding shareholders as they believed that his expertise in the water and wastewater treatment process would complement their M&E expertise.

In 2008, we continued to tender for contracts available from government agencies and were awarded our first contract by Agri-Food & Veterinary Authority of Singapore for the supply, delivery, testing and commissioning of seawater pumps off St. John's Island. In 2009, we clinched another contract from PUB to carry out the enhancement and upgrading of a used water pumping installation. In the same year, we secured our first overseas contract where we were commissioned to fabricate submerged tanks, header pipes and air distribution pipes for a customer in Sri Lanka. In 2009, we continued to secure new contracts totalling more than S\$10.0 million in a single year.

In 2010, we secured a major contract from PUB with a contract value of S\$1.6 million for the overhaul of centrifugal pumps, disintegrators and related equipment, and maintenance works. This was a major breakthrough as it allowed us to establish ourselves as a provider of operations and maintenance services. In August 2010, we relocated to 50 Tuas Avenue 11 Tuas Lot #02-15 Singapore 639107 with a built-up area of approximately 824.0 sqm, to accommodate a larger staff strength and a bigger fabrication and maintenance workshop to undertake more and larger scale projects.

Also in 2010, we completed another overseas project relating to the design and construction of an airlift membrane bioreactor system at the Nestle milk processing factory in the Philippines. During the course of this project, we worked closely with membrane suppliers for the design and fabrication of equipment for shipment to the Philippines. We also assisted in the commissioning of the equipment.

HISTORY

In 2011, we broadened our business scope to include the operation and maintenance of plant equipment at our customers' premises, where our employees are stationed permanently at the plants to carry out operations and maintenance works for the duration of the maintenance contract. In the same year, we secured a contract from PUB with a contract value of S\$3.7 million for the maintenance and servicing of screening, sludge, grit and related equipment at all their water reclamation plants in Singapore.

In 2012, our Group achieved another major breakthrough when we secured our first contract with a contract value of S\$2.2 million from NEA for the refurbishment of vibrating conveyor systems at the incineration plant in Tuas. This was a significant achievement for our Group as this marked our foray into the solid waste industry, thereby diversifying our business to include the provision of waste management solutions and services.

In November 2013, we incorporated TechComm Global with a business partner (an unrelated third party) to develop an enhanced waste management technology for industrial use. TechComm Global became dormant in March 2016 and has since been struck off.

In December 2013, we relocated to our current premises at 15 Kian Teck Drive Singapore 628832 with a built-up area of approximately 2,313.6 sqm, in line with the growth of our business.

In 2013, we were awarded our first contract in Malaysia by PUB to carry out the replacement of switchboards, water and sludge treatment, process equipment and ancillaries at the Johor River Waterworks. After the completion of this contract, we were awarded subsequent contracts by PUB for works at the Johor River Waterworks.

In February 2014, we incorporated Sanli Malaysia to provide engineering, procurement and construction solutions and services as well as operations and maintenance solutions and services for the Johor River Waterworks, which is operated by PUB. Also in 2014, we secured our biggest project from NEA with a contract value of S\$11.2 million for the refurbishment of vibrating conveyor systems at the incineration plant in Tuas South.

In 2015, we obtained the L6 grading from BCA, which enabled us to tender for and secure a contract with a contract value of S\$15.4 million from PUB for the replacement of ultrafiltration membranes at Chestnut Avenue Waterworks. In the same year, we secured our biggest operations and maintenance project from PUB with a contract value of S\$19.5 million for the servicing and maintenance of screening, sludge, grit and related equipment at various water reclamation plants.

In 2016, we entered into a joint venture agreement with Chye Joo Construction Pte Ltd to jointly undertake a major contract worth S\$114.8 million from PUB for the process upgrading at Choa Chu Kang Waterworks. Also in 2016, we secured a contract from Tower Transit Singapore Pte. Ltd. for the maintenance of a wastewater treatment plant at the Bulim bus depot.

In 2017, we exercised an option to purchase the New Property for a purchase consideration of \$4.0 million, for the expansion of our business.

As a testament to our reputation in providing quality solutions and services as well as our ability in meeting their tender criteria, PUB has been our major customer since 2006. PUB has also been our largest customer during the Period Under Review and accounted for approximately 75.8%, 78.2%, 85.7% and 99.0% of our revenue in FY2014, FY2015, FY2016 and 9M2017, respectively.

HISTORY

In 2014, 2015 and 2016, we received recognition as a Singapore SME 1000 Company. Through the years, our Chief Executive Officer, Sim Hock Heng, and our Executive Directors, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat, have been instrumental in the growth, development and success of our Group. Under their leadership, our business has steadily developed from that of an M&E contractor to a total engineering solutions and services provider in the field of water and waste management with an established and credible track record built over the years.

For the purpose of our listing, our Company was incorporated on 27 February 2017 in Singapore under the Act as a private company limited by shares under the name “Sanli Environmental Pte. Ltd.”. On 8 May 2017, pursuant to the Restructuring Exercise undertaken to rationalise the corporate structure of our Group in preparation for the Invitation, our Company became the holding company of our Group.

On 9 May 2017, our Company was converted to a public company limited by shares and our name was changed to “Sanli Environmental Limited”.

BUSINESS

BUSINESS OVERVIEW

We are an environmental engineering company with more than ten years of experience in the field of water and waste management. Leveraging our technical know-how and industry knowledge, we are able to provide total solutions and services to customers in an efficient and cost-effective manner. Our expertise is in the design, supply, delivery, installation, commissioning, maintenance, repair and overhaul of 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.

During the Period Under Review and up to the Latest Practicable Date, our customers were mostly from the public sector and includes PUB, which contributed 75.8%, 78.2%, 85.7% and 99.0% of our revenue in FY2014, FY2015, FY2016 and 9M2017, respectively.

Our business is divided into two main business segments as follows:

- 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. The duration of each contract is usually between one and three years.

Water Management

In order to meet growing demand for water from an increasing population and expanding industries, there is a need to build a robust and cost-effective water supply system to ensure the sustainability of water supply in Singapore. Climate change and urbanisation have also created a need for the expansion and upgrading of water services in Singapore. To this end, we provide engineering solutions and services to our customers for the treatment of raw water before it is channelled to residences, businesses and industries.

We also provide engineering solutions and services to customers for the treatment of used water released from residences, businesses and industries where pollutants and toxins in wastewater are eliminated or reduced to an acceptable level before it is safely discharged into the environment or used by industrial users.

Waste Management

As a city-state with scarce land, it is important to have an efficient waste disposal system to manage the collection and disposal of refuse. Solid waste management is a regulated industry in Singapore and the public waste collection system covers all residences, trade premises and public places. To this end, we provide engineering solutions and services to our customers in the public sector for the treatment of refuse in incineration plants in Singapore.

BUSINESS

Revenue from our Engineering, Procurement and Construction segment accounted for approximately 63.4%, 64.0%, 55.8% and 65.7% of our total revenue in FY2014, FY2015, FY2016 and 9M2017, respectively.

Operations and Maintenance

We provide operations and maintenance services for the equipment used in water and waste management infrastructure. We maintain a workshop to undertake major repair and overhaul of the equipment. Our clients typically award maintenance contracts with durations of between two and three years.

Under our Operations and Maintenance segment, we provide both corrective and preventive maintenance services to ensure reliability and minimal disruptions to our customers' operations. We provide corrective maintenance services to our customers when their facility experiences equipment problems. This service is available 24 hours a day and seven days a week. Our preventive maintenance work is carried out in accordance with an agreed schedule to service the equipment to ensure it is in good operating condition, as well as to meet annual inspections of specialised facilities by the relevant authorities or regulatory bodies.

Our Operations and Maintenance segment provides our Group with a recurring stream of income and allows us to maintain our relationship with our customers.

Revenue from our Operations and Maintenance segment accounted for approximately 36.6%, 36.0%, 44.2% and 34.3% of our total revenue in FY2014, FY2015, FY2016 and 9M2017, respectively.

OUR PAST AND EXISTING PROJECTS

The following are some of our key projects during the Period Under Review and up to the Latest Practicable Date:

Project period	Project description	Project owner
December 2013 – December 2015	Replacement of switchboards, water and sludge treatment, process equipment and ancillaries works at the Johor River Waterworks	PUB
April 2014 – June 2016	Design, supply, installation, testing and commissioning of wastewater treatment plant	KTC Civil Engineering & Construction Pte Ltd
June 2014 – October 2016	Renewal of equipment and upgrading of various used water pumping installation	PUB
October 2014 – October 2017	Refurbishment of vibrating conveyor systems at the incineration plant in Tuas South	NEA

BUSINESS

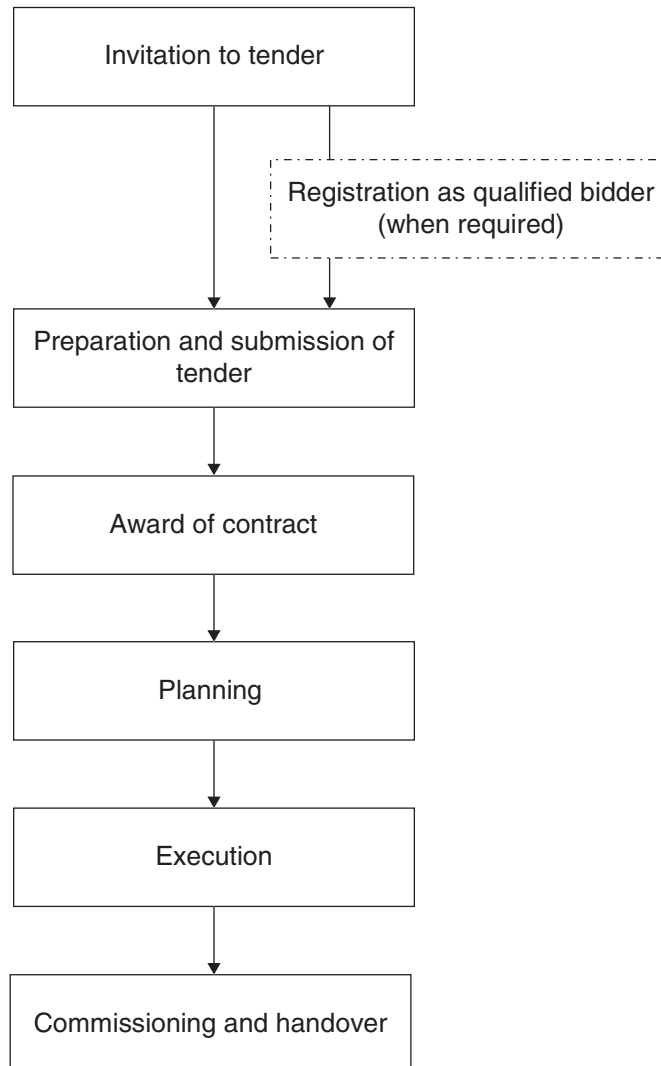
Project period	Project description	Project owner
November 2014 – October 2016	Replacement of ozonation systems at Bedok Waterworks	PUB
January 2015 – January 2018	Service and maintenance of screening, sludge, grit and related equipment at various water reclamation plants	PUB
May 2015 – November 2017	Replacement of ultrafiltration membranes at Chestnut Avenue Waterworks	PUB
June 2015 – June 2017	Replacement of pump sets, associated auxiliary equipment and pipelines at Jalan Eunos Booster Station	PUB
March 2016 – February 2017	Maintenance of ozone generators for ozone plant at Johor River Waterworks	PUB
April 2016 – April 2018	Supply, delivery, installation and commissioning of membrane trains at Chestnut Waterworks	PUB
June 2016 – December 2018	Process upgrading at Choa Chu Kang Waterworks	PUB
August 2016 – July 2017	Maintenance of wastewater treatment plant at Bulim bus depot	Tower Transit Singapore Pte. Ltd.
December 2016 – December 2020	Maintenance of ultraviolet and ozone disinfection system at Johor River Waterworks	PUB

BUSINESS

WORK PROCESS

Engineering, Procurement and Construction

The key stages in a typical work process for our Engineering, Procurement and Construction business segment is set out below:



Invitation to tender

In general, we are required to submit tenders in order to bid for projects. We secure projects either through open or invited tenders. Open tenders are generally sourced from newspapers and the internet. In the case of invited tenders, invitations are made by customers whom we may have served previously or who have been referred to us by other customers whom we have worked with previously or referrals by appointed consultants or our Group's business associates.

When required, we will register as qualified bidders by satisfying the pre-qualification criteria set by our customers before tenders. Some of these pre-qualification criteria include an established track record in health, safety and environment management, registration with the BCA, ISO

BUSINESS

certification on quality management system, as well as experience and track record in relevant projects. The specific requirements may vary, depending on the nature and complexity of the projects.

We would first evaluate the creditworthiness of our prospective customers, our existing commitments and available resources, before participating in a tender.

Preparation and submission of tender

Once a decision has been made to participate in the tender, we will review the tender documents to understand the specific requirements of the project after clarifying any technical or legal ambiguities with our prospective customer. If required, we will work with our prospective customer to produce an initial design brief of the proposed development, after taking into consideration the specific requirements. We will also quantify the tender cost estimate for the entire project, taking into account quotes obtained from our sub-contractors and suppliers for work required to be undertaken by them. Sufficient quotes will be obtained from our suppliers and sub-contractors who are on our approved suppliers and sub-contractors list and who are competitive in their quality, pricing and timeliness. Further, we will consider the complexity and time frame of the project, the conditions of the project site and applicable market conditions in determining the tender price.

Where our prospective customer has provided a concept design in the tender brief, our design team may provide an alternative design solution in addition to developing our prospective customer's concept design. Our alternative design solution will typically be a more cost and time efficient design solution which will meet our prospective customer's requirements.

The entire process for the above would typically take about three to eight weeks depending on the size and complexity of the project. If our submitted tender terms are amongst the most favourable, we may then be required to attend tender interviews to explain our pricing and materials offered, methods of construction and to respond to any other queries. There may be negotiations to finalise the price and terms of the contract. Notification of a successful tender will typically take place within two to four months after the close of the tender.

Where we are independently approached for a design and build proposal, we will meet with our prospective customer to understand their requirements and budget before we prepare the design and cost proposal. This entire process would typically take about four to six weeks depending on the size and complexity of the project.

Award of contract

Upon award of the contract, we will form a project team and our tender team will hand the project over to them via a project handover meeting. At this meeting, our project team will be briefed on, *inter alia*, the scope of works required, specific requirements of the project such as the project phases, project period and site constraints, as well as the initial budgeted costs.

Planning

For each of our projects, a project manager who is responsible for the execution, performance and safety of the project will be assigned the responsibility to plan and take charge of the project with a project director overseeing the project.

BUSINESS

The project manager's duties include preparing an execution plan before the commencement of the project. The execution plan will set out the scope of work for the project, the project schedule which highlights the important stages of a project, manpower projection plan, equipment and materials utilisation plan, project budget for cost monitoring as well as all necessary procedures and controls to ensure that the project is executed in accordance with the contractual requirements, especially in relation to safety, quality and schedule.

In the process of finalising the execution plan, the project manager will discuss and meet our senior management together to seek their opinion on the project execution plan. Upon finalisation of the execution plan, the resources required for the project will be allocated accordingly.

Execution

For each of our projects, the project manager will manage the project in accordance with the execution plan to ensure its timely completion. He will also closely monitor and supervise manpower, equipment and materials utilisation to minimise wastage and inefficiency, and conduct random checks on materials upon delivery to ensure that the materials conform to our quality standards. He will conduct regular meetings with his team members including the engineers, supervisors, foremen, safety coordinators and quality engineers to track the progress of work and schedule of procurement to ensure that these are carried out accordingly. He will also carry out daily site inspections and resolve any problems that arise. The senior management will also carry out random site visits to ensure that the project is carried out smoothly.

Throughout the project, quality assurance procedures involving stringent quality checks and inspections are conducted by our engineers to ensure that the work is carried out in accordance with our quality control procedures and quality standards in fulfilment of our customers' specifications and quality requirements as stipulated in the contract. For further details on the quality assurance function of our Group, please refer to the "Business – Quality and Safety Assurance" section of this Offer Document.

Our senior management conducts regular progress meetings with our project managers to ensure that our projects are carried out on schedule in accordance with the execution plan, and that project costs are kept under control.

In the execution of our projects, there may be variations in the scope of work or unforeseen delays due to factors that are beyond our control. In such instances, the project manager will revise the project schedule and budget, and discuss with our customers to resolve the variation of works, and the revised project schedule and budget.

Commissioning and handover

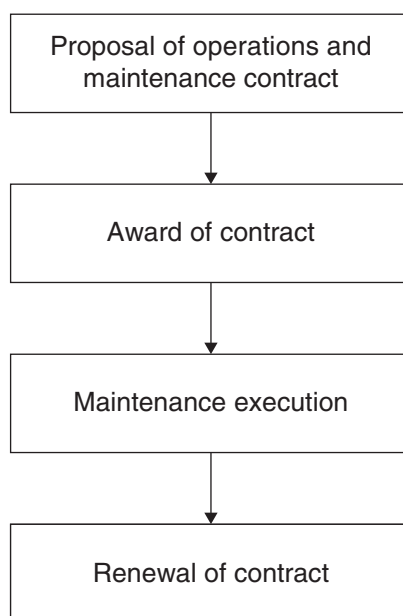
Upon completion of the project, our project manager will carry out an inspection with the customer to list out and rectify defects identified. Thereafter, the project manager will prepare the necessary documentation to obtain the certificate of completion from the customer. This is followed by a defects liability period for workmanship, which is typically one year from the project handover date.

If a maintenance contract is secured for the project, our operations and maintenance department will take over the project from the project team and work alongside the customer to ensure smooth running of the completed facility. They will also coordinate to rectify defects, if any, found during the defects liability period.

BUSINESS

Operations and Maintenance

The key stages in a typical work process for our Operations and Maintenance business segment is set out below:



Proposal of operations and maintenance contract

In general, we are required to submit tenders in order to bid for operations and maintenance contracts. We secure contracts either through open or invited tenders. Each operations and maintenance contract with our customers is generally for a period of two to three years.

Award of contract

Upon award of the contract, our operations and maintenance department will organise a maintenance team and prepare for a kick-off meeting with the customer, where the technical specifications, requirements and schedule for preventive maintenance will be finalised.

Maintenance execution

For each of our operations and maintenance contracts, a team of engineers, supervised by the project manager, will be responsible for ensuring the timely provision of quality services to our customers. If necessary, on-site familiarisation will be conducted by our customer, to familiarise ourselves with the protocol and equipment of the facility.

We carry out periodic preventive maintenance works based on a predetermined schedule. In cases where a scheduled shutdown of the facility is required, our team is able to handle the quick and tight turnaround schedule to ensure minimal downtime.

From time to time, we may receive activation calls from our customers when a problem is encountered. We will then despatch our standby engineers and/or technicians to investigate the root cause of the problem and carry out the necessary rectification works, such as replacement of defective parts.

BUSINESS

Upon the completion of each preventive or corrective maintenance work, our engineers will prepare a service report for sign off by the customer. Our customer may carry out checks to ensure that the work has been carried out to their requirements. In periodic meetings with our customer, we discuss and report to our customer on co-ordination matters, completed works and rectifications.

Renewal of Contract

At the end of the operations and maintenance contract, we will be required to submit tenders to bid for a new operations and maintenance contract.

QUALITY AND SAFETY ASSURANCE

Quality Assurance

We believe that quality control is a key factor that contributes to our growth and success. Hence, quality control is an important management philosophy as we strive to maintain our reputation as a provider of environmental engineering solutions and services in the field of water and waste management.

In order to ensure that we maintain high standards of quality and as part of our efforts to monitor quality and service levels, we have established the following quality objectives and aim to achieve these objectives:

- (a) to comply and continually improve the effectiveness of the business continuity management system and quality management system which satisfies all requirements of ISO 22301:2012 standard and ISO 9001:2008 standard respectively, or comply with any relevant statutory and regulatory, customer or other obligations to which the organisation subscribes;
- (b) to provide total customer satisfaction and secure repeat patronage by consistently exceeding customer expectations with reliable quality works;
- (c) to deliver projects on time and operate within an allocated budget; and
- (d) to constantly provide training to all employees, and upgrade work processes to improve our work quality procedure so as to improve efficiency and reduce wastage of resources.

In addition to the respective project managers who ensure that our quality control policies and procedures are adhered to and implemented, our engineers are assigned to each project and maintenance site. Their role is to conduct inspections during the course of the project or maintenance service to ensure that work is carried out according to our customers' specifications and quality requirements as well as our quality control procedures. Our engineers, together with our customers, conduct checks on all equipment and materials used in our projects at the point of receipt of such equipment, to ensure that they comply with our requirements. Equipment that do not meet our requirements are returned to our suppliers for corrective measures or for replacement.

In addition, we also obtain feedback from our customers on a regular basis to discuss their quality expectations and our quality performance. Our Directors conduct regular progress meetings with our project managers to ensure that our quality performance meets the standard that is required by our customers. We constantly assess and improve on our quality performance based on the feedback received from our customers and ensure that prompt rectifications are carried out.

BUSINESS

As part of our quality control policy, we also ensure that the sub-contractors engaged by our Group have the relevant experience and proven track records. Our engineers will supervise the sub-contractors to ensure that the engineering works are carried out in accordance with our customers' specifications and meet our quality requirements.

The above quality control measures seek to ensure that the quality of our solutions and services meet the expectations of our customers. Our commitment to quality is evidenced by the following certification received by us:

Certificate	Scope	Certifying authority	Date of expiry	Company
ISO 22301:2012	Business continuity management system for mechanical and electrical engineering services including design	Certification International (Singapore) Pte Ltd	25 August 2018	Sanli Engineering
ISO 9001:2008	Quality management systems for mechanical and electrical engineering services including design	Certification International (Singapore) Pte Ltd	14 September 2018	Sanli Engineering

Warranty

We typically provide warranty against defects for a period of 12 months after completion of each project. During this time, we are required to rectify all defects which are reported by our customer. At the end of the defects liability period, our customer will typically issue a final completion certificate to mark the end of our warranty in respect of the project.

There has not been any warranty claim of a significant value during the Period Under Review and up to the Latest Practicable Date.

Safety Assurance

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

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

- (a) conducting periodic and necessary risk assessments for all our projects to identify the risks and gaps, and implementing mitigating procedures in order to achieve an accident-free environment or minimise risks to an acceptable level;

BUSINESS

- (b) conducting regular safety meetings and providing sufficient management support and resources to plan, implement and execute safety measures in compliance with workplace health and safety legislations and other requirements which include directives, guidelines and standards prescribed by our Group;
- (c) allocating safety supervisors to our projects, where relevant, and conducting regular worksite inspections as well as tools and equipment checks;
- (d) improving the competency of our employees and cultivating good safety habits through proper training, instruction and guidance and ensuring that workplace safety and health matters are effectively communicated to all employees; and
- (e) monitoring the effectiveness of risk control measures which have been implemented and conducting a third party audit or an internal review to ensure that safety measures are adhered to.

As a testament to our commitment to maintaining high safety standards, we have received the following certifications:

Certificate	Scope	Certifying authority	Date of expiry	Company
bizSAFE Level Star	Workplace safety and health management system	Workplace Safety and Health Council	28 March 2020	Sanli Engineering
BS OHSAS 18001:2007	Mechanical and electrical engineering services and scaffolding works	Certification International (Singapore) Pte Ltd	28 March 2020	Sanli Engineering

During the Period Under Review and up to the Latest Practicable Date, we did not experience any major accidents which had resulted in serious injury or death or censuring by the relevant authorities.

BUSINESS DEVELOPMENT

Our business development activities are spearheaded by our Executive Directors, who are supported by our tender team in the execution of our business development plans.

We source for new projects through open and invited tenders. There are also instances in which customers approach us independently for proposals in respect of design and construction works required. In the case of invited tenders, invitations are made by customers whom we may have served previously or who have been referred to us by other customers whom we have worked with previously or referrals by appointed consultants or our Group's business associates.

With more than ten years of operations, we have established and maintained business relationships with project owners, main contractors, consultants and suppliers from whom we could source for new projects or who would refer projects to us. We conduct business development sessions with our customers and consultants from existing and past projects in order to enhance our existing relationships and to source for business opportunities. Through these

BUSINESS

sessions, we are also able to understand our customers' needs and requirements which allow us to work on areas that need improvement to ensure quality, and smooth and timely delivery of our solutions and services.

We work closely with third party equipment suppliers and reputable membrane specialists to keep informed on the latest technology and equipment in our industry. We also periodically send our employees to seminars, product launches, and participate in trade events such as Singapore International Water Week and IFAT (a trade fair for water, sewage, refuse and recycling), to keep abreast of the latest technology and market trends. This allows us to maintain contact with past and existing customers and consultants, while giving us an opportunity to develop new business contacts with potential customers or consultants and identify potential projects.

MAJOR CUSTOMERS

Our major customers who accounted for 5% or more of our revenue during the Period Under Review were as follows:

Name of customer	As a percentage of revenue (%)			
	FY2014	FY2015	FY2016	9M2017
PUB	75.8	78.2	85.7	99.0
NEA	7.4	14.2	12.7	0.5
Chye Joo Construction Pte Ltd	9.2	4.9	0.3	–

Our business is project-based and our revenue is substantially dependent on the government's policies and expenditures for public infrastructure relating to water and waste management.

The revenue contribution from our major customers in the table above during the Period Under Review fluctuated in line with the number, scope, contract value and percentage of project completion in each of the financial years/periods.

Due to the nature of our business operations, our Group secures projects mainly from PUB and projects are managed independently by five separate departments of PUB which have responsibility for different functions, namely, (a) the Catchment & Waterways department, (b) the Water Supply (Plants) department, (c) the Water Supply (Network) department, (d) the Water Reclamation (Network) department, and (e) the Water Reclamation (Plants) department.

Our Directors are of the opinion that, save for PUB, our business and profitability is currently not dependent on any particular industrial, commercial or financial contract with any customer. To the best of their knowledge, our Directors are not aware of any information or arrangement which would lead to the cessation or termination of our current relationship with any of our major customers.

As at the Latest Practicable Date, none of our Directors, Substantial Shareholders or their respective Associates has any interest, direct or indirect, in any of the above major customers. To the best of our knowledge and belief, there are no arrangements or understanding with any customers pursuant to which any of our Directors and Executive Officers was appointed.

BUSINESS

MAJOR SUPPLIERS

Our major suppliers comprise mainly equipment vendors and sub-contractors.

Our major suppliers who accounted for 5% or more of our purchases during the Period Under Review were as follows:

Name of supplier	Equipment/ services	As a percentage of purchases (%)			
		FY2014	FY2015	FY2016	9M2017
Ge Betz Singapore Pte Ltd	Water and wastewater treatment equipment	–	–	14.4	14.1
Ozonix Korea Co, Ltd	Ozone generators	–	–	–	9.2
Cummins Sales and Service Singapore Pte. Ltd.	Generators and engines	–	3.2	1.2	6.8
Ebara Engineering Singapore Pte. Ltd.	Pumps	5.5	6.8	1.0	6.4
K & L Fluid Technology Pte. Ltd. and Rhinotech Pte. Ltd. ⁽¹⁾	Pumps	8.6	5.0	5.0	2.1
Sinfonia Technology (Singapore) Pte. Ltd.	Industrial equipment	–	12.2	9.5	0.1
Andritz Singapore Pte. Ltd.	Separation equipment	1.4	5.3	–	n.m. ⁽²⁾

Notes:

(1) K & L Fluid Technology Pte. Ltd. and Rhinotech Pte. Ltd. are affiliated by virtue of common ownership.

(2) Not meaningful.

Our purchases from our suppliers fluctuate from year to year as our business is project-based and the type of equipment, materials and sub-contracting services used vary according to the size and scope of our projects and the stage of completion of our projects. We only place an order with our suppliers when we have secured a project.

We generally do not enter into long-term exclusive agreements with any of our suppliers as this would provide us with the flexibility to evaluate and select suppliers based on, amongst others, our past working experience with them, their track record, pricing and ability to meet our specifications, quality and safety requirements, and time schedule. Our Directors believe that our business and profitability will not be materially affected by the loss of any single supplier nor is it dependent on any particular industrial, commercial or financial contract with any supplier.

To the best of their knowledge, our Directors are not aware of any information or arrangement which would lead to a cessation or termination of our current relationship with any of our major suppliers.

BUSINESS

As at the Latest Practicable Date, none of our Directors, Substantial Shareholders or their respective Associates has any interest, direct or indirect, in any of the above major suppliers. To the best of our knowledge and belief, there are no arrangements or understanding with any suppliers pursuant to which any of our Directors and Executive Officers was appointed.

CREDIT MANAGEMENT

Credit terms to our customers

Generally, we issue progress claims to our customers on a monthly basis according to the proportion of work completed with respect to the contract value of the project. The progress claim will be certified by our customers or consultants and an invoice will be issued based on the agreed amount after the payment certificate is issued by the customers or consultants. We grant our customers a credit term of 30 days and our customers usually settle payment within the credit term. For some of our projects, we invoice our customers on a progressive basis in accordance with the project milestones as prescribed in the contract.

Our customers may require us to place a security deposit of approximately 5% of the contract sum to settle the cost of any rectification works incurred by them. The security deposit is released after the defects liability period which generally lasts for 12 months from the date of project handover. During the Period Under Review and up to the Latest Practicable Date, we have not experienced any material warranty claims for defective works.

We have in place credit control policies and procedures to manage our credit exposure and our management regularly evaluates the creditworthiness of our customers. The credit terms and limits granted to each customer are usually determined during the tender or contract negotiation stage or at contract renewal stage. The terms and limits granted are based on a number of factors such as the customer's financial background and creditworthiness, the transaction volume, payment history and length of relationship with us. Our finance and project teams monitor the collection from our customers on a regular basis.

Our finance team monitors the accounts receivables ageing report closely and follow-up on any overdue amounts. For customers who have exceeded their credit limits, we would increase our collection efforts by escalating the issue of the non-payment to their management. On a case-by-case basis, appropriate action will be taken for overdue debts depending on their severity, which include sending formal letters of demand by our lawyers and legal action should all other means fail to recover the overdue debts. Our credit limits specify the maximum outstanding that may be owed by customers at any time and the length of credit period provided. For customers who have exceeded their credit limits or periods, we would require them to settle outstanding amounts before executing additional work for the customer.

We review and assess the need to make allowance for our overdue debts on a monthly basis. Specific allowance or write-off (if applicable) will be made when we are of the view that the collectability of an outstanding debt is impaired or the debt is deemed unlikely to be collectible. This is usually assessed on a case-by-case basis and depends on the age of the overdue debts and the creditworthiness of the customer. There were no bad trade debts written off or allowance for doubtful trade receivables during the Period Under Review.

BUSINESS

Our average trade receivables' turnover days for the Period Under Review were as follows:

	FY2014 ⁽¹⁾	FY2015 ⁽¹⁾	FY2016 ⁽¹⁾	9M2017 ⁽²⁾
Average trade receivables' turnover days	71	35	31	33

Notes:

- (1) The average trade receivables' turnover days for FY2014, FY2015 and FY2016 were computed based on the average of the opening and closing trade receivables balances of the relevant financial year divided by revenue for the relevant financial year, and multiplied by 365 days.
- (2) The average trade receivables' turnover days for 9M2017 was computed based on the average of the opening and closing trade receivables balances of the financial period divided by revenue for the financial period, and multiplied by 275 days.

The average trade receivables' turnover days exceeded our credit term of 30 days in FY2014 mainly due to significant billings at financial year-end for work executed on our on-going projects.

Our trade receivables as at 31 December 2016 amounted to approximately S\$5.3 million. The ageing schedule for our trade receivables as at 31 December 2016 was as follows:

Age of trade receivables	Percentage of total trade receivables (%)
Not past due	88.9
Less than 30 days overdue	11.0
30 to 60 days overdue	n.m. ⁽¹⁾
More than 60 days overdue	0.1
	100.0

Note:

- (1) Not meaningful.

As at the Latest Practicable Date, all of these trade receivables had been collected.

Credit terms from our suppliers

Our suppliers comprise mainly equipment and materials vendors and sub-contractors.

Cost of sales for engineering, procurement and construction projects is recognised based on percentage of completion method while cost of sales for operations and maintenance contracts is recognised when goods or services are received, which is in line with our revenue recognition policy. Trade payables are recorded when invoices are being received from suppliers according to the billings arrangement agreed with our Group.

Payment terms granted by our suppliers vary from supplier to supplier and are also dependent on, amongst others, our relationships with the suppliers and the size of the transactions. Generally, our suppliers grant us credit terms ranging from 30 to 60 days. For our suppliers who are based outside of Singapore, payment is effected by way of letters of credit or telegraphic transfers.

BUSINESS

Our average trade payables' turnover days for the Period Under Review were as follows:

	FY2014 ⁽¹⁾	FY2015 ⁽¹⁾	FY2016 ⁽¹⁾	9M2017 ⁽²⁾
Average trade payables' turnover days	75	81	68	59

Notes:

- (1) The average trade payables' turnover days for FY2014, FY2015 and FY2016 were computed based on the average of the opening and closing trade payables balances of the relevant financial year divided by the purchases for the relevant financial year, and multiplied by 365 days.
- (2) The average trade payables' turnover days for 9M2017 was computed based on the average of the opening and closing trade payables balances of the financial period divided by the purchases for the financial period, and multiplied by 275 days.

Our average trade payables' turnover days were generally longer than the credit terms granted by our suppliers during FY2014, FY2015 and FY2016 due to prudent cash flow management.

RESEARCH AND DEVELOPMENT

We currently do not carry out any research and development activities.

INTELLECTUAL PROPERTY

Our business and profitability is not materially dependent on any patents, licences, trademarks or intellectual property. We have not paid or received any royalties for any licence to use any intellectual property.

As at the Latest Practicable Date, we held the following registered intellectual property rights:

Design/Article	Country of registration	Expiry date	Registration number
Apparatus for treatment of wastewater	The People's Republic of China	17 August 2024	2014302932849
Apparatus for treatment of wastewater	Malaysia	17 February 2019	MY 14-01038-0101
Apparatus for treatment of wastewater	Singapore	17 February 2029	D2014182A

MATERIALS MANAGEMENT

Due to the nature of our business, we generally purchase the equipment and materials only after we are awarded with a contract. When a contract is signed with a customer, we will assign a budget costing for the project specifying all equipment and materials required for the project in terms of quantities and specifications. We typically purchase equipment and materials based on project and budget requirements, and purchases are made with the suppliers only after securing the contracts from our customers.

To ensure smooth delivery of equipment and materials for site requirements, and to ensure that we are able to deliver projects on time and operate within an allocated budget, our project managers would work out the purchase of orders and deliveries of equipment and materials on a just-in-time basis. These equipment and materials are mainly delivered to our customers' premises for us to carry out our works.

BUSINESS

PROPERTIES AND FIXED ASSETS

As at the Latest Practicable Date, we owned the following properties:

Location	Tenure	Land area (sqm)	Use of property
15 Kian Teck Drive Singapore 628832	Leasehold of 30 years commencing from 16 March 1995 with a further term of 15 years, subject to further investment requirement	1,297.4	Office and workshop
50 Tuas Avenue 11 #02-15 Tuas Lot Singapore 639107 ⁽¹⁾	Leasehold of 30 years commencing from 15 February 2008	824.0	Leased to a third party

Note:

- (1) The property is leased to a company which is not related to our Group at the monthly rental of \$6,800 for a period of 24 months commencing from 1 November 2016 or from the expiry of a one-month rent-free period, whichever is later, with an option to renew for another 24 months at the prevailing market rate.

On 14 February 2017, we exercised an option to purchase the New Property for a purchase consideration of \$4.0 million. The property has a 30-year leasehold tenure commencing from 1 February 2012 and a land area of 2,266.7 sqm. A sum of \$0.4 million has been paid and the balance purchase consideration will be paid upon completion of the purchase, which is subject to the approval of Jurong Town Corporation. The balance purchase consideration will be partially funded by the net proceeds from the Invitation. As at the Latest Practicable Date, the Company did not foresee any issue in obtaining the approval from Jurong Town Corporation.

As at the Latest Practicable Date, we leased the following properties:

Lessor	Location	Approximate land/ built-in area (sqm)	Use	Tenure	Annual rental
Altaira Sdn. Bhd.	28 Jalan Kemajuan, Taman Perindustrian Kota Tinggi, 81900 Kota Tinggi, Johor	344	Office	1 March 2017 to 29 February 2020, with an option to renew for two years	RM42,000
G&G Electronics Enterprise	10 Kaki Bukit Avenue 4 #07-63 Singapore 415874	102	Office	31 August 2015 to 28 February 2017, with extension to 31 August 2017	S\$20,400
S11 Capital Investments Pte Ltd	72 Tanah Merah Coast Road #03-71 Singapore 498752	One dormitory unit	Workers' dormitory	16 March 2017 to 15 March 2018	S\$53,040
S11 Capital Investments Pte Ltd	74 Tanah Merah Coast Road #01-51 Singapore 498753	One dormitory unit	Workers' dormitory	1 November 2016 to 30 October 2017	S\$50,160
S11 Capital Investments Pte Ltd	76 Tanah Merah Coast Road #02-31 Singapore 498754	One dormitory unit	Workers' dormitory	2 November 2016 to 1 November 2017	S\$50,160

BUSINESS

Lessor	Location	Approximate land/ built-in area (sqm)	Use	Tenure	Annual rental
S11 Capital Investments Pte Ltd	78 Tanah Merah Coast Road #01-21 Singapore 498735	One dormitory unit	Workers' dormitory	11 December 2016 to 10 December 2017	S\$53,040
S11 Granuity Management Pte Ltd	6C Seletar North Link #03-211 Singapore 797448	One dormitory unit	Workers' dormitory	15 August 2016 to 14 August 2017	S\$50,160
Aik Chuan Construction Pte Ltd	31 Soon Lee Road Block A #02-14 Singapore 628087	One dormitory unit	Workers' dormitory	26 November 2016 to 25 November 2017	S\$48,960
Aik Chuan Construction Pte Ltd	31 Soon Lee Road Block A #04-05 Singapore 628087	One dormitory unit	Workers' dormitory	1 April 2017 to 31 March 2018	S\$48,240
Aik Chuan Construction Pte Ltd	31 Soon Lee Road Block C #03-16 Singapore 628087	One dormitory unit	Workers' dormitory	18 March 2017 to 17 March 2018	S\$48,240
Aik Chuan Construction Pte Ltd	31 Soon Lee Road Block C #04-15 Singapore 628087	One dormitory unit	Workers' dormitory	1 April 2017 to 31 March 2018	S\$48,240
Aik Chuan Construction Pte Ltd	31 Soon Lee Road Block D #01-01 Singapore 628087	One dormitory unit	Workers' dormitory	21 December 2016 to 20 December 2017	S\$25,200
Aik Chuan Construction Pte Ltd	31 Soon Lee Road Block D #03-02 Singapore 628087	One dormitory unit	Workers' dormitory	31 October 2016 to 30 October 2017	S\$48,960
Aik Chuan Construction Pte Ltd	31 Soon Lee Road Block E #01-04 Singapore 628087	One dormitory unit	Workers' dormitory	1 September 2016 to 31 August 2017	S\$48,960
Aik Chuan Construction Pte Ltd	31 Soon Lee Road Block F #02-07 Singapore 628832	One dormitory unit	Workers' dormitory	26 July 2016 to 25 July 2017	S\$48,960
Westlite Dormitory (Toh Guan) Pte Ltd	14 Toh Guan Road East #05-08 Singapore 608589	One dormitory unit	Workers' dormitory	16 August 2016 to 31 July 2017	S\$16,800
Westlite Dormitory (Toh Guan) Pte Ltd	16 Toh Guan Road East #01-25 Singapore 608590	One dormitory unit	Workers' dormitory	1 June 2016 to 31 May 2018	S\$36,000
Westlite Dormitory (Toh Guan) Pte Ltd	20 Toh Guan Road East #02-51 Singapore 608592	One dormitory unit	Workers' dormitory	1 August 2016 to 31 July 2017, with an option to renew for one year	S\$43,200
Westlite Dormitory (Toh Guan) Pte Ltd	22 Toh Guan Road East #01-62 Singapore 608593	One dormitory unit	Workers' dormitory	1 April 2017 to 31 March 2018	S\$43,200

BUSINESS

Lessor	Location	Approximate land/ built-in area (sqm)	Use	Tenure	Annual rental
Westlite Dormitory (Toh Guan) Pte Ltd	26 Toh Guan Road East #01-76 Singapore 608595	One dormitory unit	Workers' dormitory	1 August 2016 to 31 July 2017, with an option to renew for one year	S\$43,200
Westlite Dormitory (Toh Guan) Pte Ltd	26 Toh Guan Road East #05-79 Singapore 608595	One dormitory unit	Workers' dormitory	1 August 2016 to 31 July 2017, with an option to renew for one year	S\$43,200
Westlite Dormitory (Toh Guan) Pte Ltd	28 Toh Guan Road East #05-02 Singapore 608596	One dormitory unit	Workers' dormitory	1 January 2017 to 31 December 2017	S\$44,400
Westlite Dormitory (Toh Guan) Pte Ltd	28 Toh Guan Road East #05-17 Singapore 608596	One dormitory unit	Workers' dormitory	1 January 2017 to 31 December 2017	S\$44,400
Westlite Dormitory (Toh Guan) Pte Ltd	28 Toh Guan Road East #16-15 Singapore 608596	One dormitory unit	Workers' dormitory	1 January 2017 to 31 December 2017, with an option to renew for one year	S\$43,200

As at 31 December 2016, the fixed assets of our Group, comprising motor vehicles, office equipment, leasehold properties, renovation and workshop equipment, had a net book value of approximately S\$5.5 million.

Save for our leasehold properties, as at the Latest Practicable Date, none of our fixed assets was subject to any mortgage, pledge or any other encumbrances or otherwise used as security for any bank borrowings.

As at the Latest Practicable Date, our Directors were not aware of any breach of any obligations under the abovementioned lease agreements that would result in their termination by the lessor or non-renewal, if required, when they expire. Barring any unforeseen circumstances, we intend to renew the abovementioned lease agreements when they expire, subject to the terms being acceptable to us.

To the best of our Directors' knowledge, there are no regulatory requirements or environmental issues that may materially affect our utilisation of the above properties and fixed assets.

BUSINESS

Capital Expenditures

Our capital expenditures during the Period Under Review and for the period from 1 January 2017 to the Latest Practicable Date were as follows:

(S\$'000)	FY2014	FY2015	FY2016	9M2017	1 January 2017 to Latest Practicable Date
Motor vehicles	–	62	1,077	25	326
Office equipment	38	70	59	48	14
Leasehold properties	4,180	–	–	–	–
Renovation	248	55	9	14	–
Workshop equipment	36	15	9	–	–
Total	4,502	202	1,154	87	340

In line with the growth of our business operations, we acquired the premises at 15 Kian Teck Drive Singapore 628832 in FY2014 and purchased motor vehicles in FY2016 for the use of our Executive Directors and certain employees of our Group, for the purpose of running the business operations.

The above capital expenditures were financed by finance lease, term loan and internally generated funds.

Capital Divestments

Our capital divestments during the Period Under Review and for the period from 1 January 2017 to the Latest Practicable Date were as follows:

(S\$'000)	FY2014	FY2015	FY2016	9M2017	1 January 2017 to Latest Practicable Date
Motor vehicles	–	–	61	–	110
Office equipment	–	–	2	3	43
Workshop equipment	–	–	–	12	–
Total	–	–	63	15	153

Capital Commitments

As at the Last Practicable Date, we did not have any material capital commitments, save for a capital commitment of S\$4.1 million (including stamp duty) relating to the purchase of the New Property. Please refer to the “Business – Properties and Fixed Assets” section of this Offer Document for further details.

BUSINESS

Operating Lease Commitments

Our Group as Lessor

Our Group rents out a property under an operating lease. As at the Latest Practicable Date, future minimum rental receivables under non-cancellable operating leases were as follows:

	S\$'000
Within one year	82
In the second to fifth year inclusive	41

Our Group as Lessee

As at the Latest Practicable Date, we had non-cancellable operating lease as follows:

	S\$'000
Within one year	524
In the second to fifth year inclusive	—

Our operating lease commitments comprise rent payable by us for the lease of our office and dormitories. We intend to finance the above operating lease commitments using internal resources.

STAFF TRAINING

We believe that the technical knowledge, experience and development of our employees are instrumental in maintaining our competitive position, and in the continued growth and success of our Group. The objective of our staff training is to establish the training system necessary to support our continuous effort in maintaining high standards of quality solutions and services, to ensure that our employees are informed of the latest industry developments and are equipped with the necessary skills and knowledge to carry out and discharge their responsibilities effectively. We tailor the training of our employees according to their respective job scopes in order to further enhance their technical expertise. Our human resource department maintains a record of all relevant training received by our employees.

Our training programmes can be classified into the following three main categories:

(a) Orientation training

All new employees are required to undergo orientation programmes and in-house training conducted by our human resource department, our workplace, health and safety department, and the employees' relevant departments to familiarise themselves with our Group's business, corporate policies and practices. These programmes are conducted in-house with emphasis on matters relating to employees' conduct and discipline, housekeeping, as well as quality and safety awareness.

BUSINESS

(b) On-the-job training

On-the-job training that our employees undergo is managed by the employees' immediate supervisors. Immediate supervisors will closely monitor individual employees and impart practical skills and working knowledge necessary for them to perform their tasks according to the required performance standards. Such on-the-job training includes technical knowledge, equipment operation and quality assurance.

(c) Continuous learning

In order to stay competitive at all times, we will send our employees for external courses to upgrade their skills and keep abreast of new developments in our industry. These courses are conducted by institutions such as Ministry of Labour, BCA Academy, NTUC LearningHub Pte Ltd, The Singapore Contractors Association Ltd and Singapore Workforce Development Agency.

During the Period Under Review, our staff training costs were not material.

INSURANCE

As at the Latest Practicable Date, the insurance policies maintained by us included:

- (a) fire insurance for our premises at 15 Kian Teck Drive Singapore 628832 and 50 Tuas Avenue 11 #02-15 Tuas Lot Singapore 639107, and for all real and personal property;
- (b) foreign workers medical insurance;
- (c) work injury compensation for our employees; and
- (d) industrial all risks insurance in relation to property damage, business interruption and public liability.

Our Directors are of the view that the above insurance policies are adequate for our existing operations. However, any significant damage to our operations, whether as a result of fire or other causes, may still have a material adverse effect on our operations or financial performance. No material insurance claims were made by us during the Period Under Review.

CORPORATE SOCIAL RESPONSIBILITY

Our Group strives to be part of a positive change and is committed to serving and giving back to the community, and maintaining an environmentally sustainable way of conducting our business. We recognise that for long term sustainability, we need to achieve a balance between business profitability and corporate social responsibility.

We endeavour to minimise the potential impact of our operations on the environment by putting in place proper processes for waste reduction and management. We encourage the use of renewable materials and resources, and reduce waste through re-using and recycling, where possible. We avoid any unnecessary use of hazardous materials and products and take all reasonable steps to protect the environment when such materials must be used, stored or disposed of.

BUSINESS

In addition to our environmental efforts, we also seek to develop the careers of our employees by providing them with opportunities to enhance their capabilities. We believe in fostering a corporate culture that allows and encourages each individual employee to realise his full potential. To this end, we send our employees for external courses to upgrade their skills and keep abreast of new developments in our industry. We also conduct orientation programmes and in-house training for all new employees and on-the-job training is undergone by all employees where practical skills and working knowledge are imparted to them.

Due to the nature of our business operations, we place utmost importance on workplace safety, and our safety measures and trainings aim to provide a safe and healthy environment for our employees and stakeholders.

COMPETITION

The field of environmental engineering is competitive, with various small- and medium-sized engineering companies and a few established players. We believe we are able to compete effectively against our competitors because of our established reputation as a reliable and responsive engineering solutions and services provider in the field of water and waste management, the consistent quality of our solutions and services, our competitive pricing as well as our good relationships with our customers.

To the best of our knowledge, the following are our main competitors in the Singapore market:

Competitors	Business segment
UES Holdings Pte Ltd	<ul style="list-style-type: none">• Engineering, Procurement and Construction
UGL (Singapore) Pte Ltd	<ul style="list-style-type: none">• Engineering, Procurement and Construction
Smitech Engineering Pte Ltd	<ul style="list-style-type: none">• Engineering, Procurement and Construction• Operations and Maintenance
Koh Eco Engineering Pte Ltd	<ul style="list-style-type: none">• Engineering, Procurement and Construction
Yamato Technologies Pte Ltd	<ul style="list-style-type: none">• Engineering, Procurement and Construction• Operations and Maintenance
Memiontec Pte Ltd	<ul style="list-style-type: none">• Engineering, Procurement and Construction• Operations and Maintenance
UG M&E Pte. Ltd.	<ul style="list-style-type: none">• Engineering, Procurement and Construction• Operations and Maintenance

We are of the view that these companies are our competitors as they provide a similar range of solutions and services, and compete with us for the same pool of customers. In view of the size and diversity of our industry, it is not possible to obtain independent statistics on the market share captured by individual companies in our industry. There are also no published statistics that can be used to accurately measure our market share.

To the best of our Directors' knowledge, as at the Latest Practicable Date, none of our Directors, Substantial Shareholders or their Associates was related to or has any interest, direct or indirect, in any of our competitors listed above.

BUSINESS

COMPETITIVE STRENGTHS

We believe our competitive strengths are as follows:

We have an established track record and strong technical expertise

The environmental engineering industry is competitive, with various small- to medium-sized contractors and a few large established players. We believe that the barriers of entry into our industry are significant due to the substantial technical expertise required to execute projects in the industry. As a testament to our technical expertise, we have successfully completed several major projects for PUB. Our track record of repeatedly winning public sector tenders since our incorporation is a testament to the quality of our Group's solutions and services. We believe that we are able to compete against our competitors because of our established reputation as a reliable and responsive environmental engineering solutions and services provider in the field of water and waste management, the consistent quality of our solutions and services, our competitive pricing as well as our good relationships with customers. We received recognition as a Singapore SME 1000 Company in 2014, 2015 and 2016.

We are able to provide integrated engineering solutions and services

We are able to integrate our mechanical, electrical and process engineering know-how to provide total water and waste management solutions to our customers, including water and wastewater treatment process, drainage/flood control pumping stations, package membrane systems, operation and maintenance of pumping stations, and renewal and upgrading works at incineration plants. With the expertise of our in-house engineers in waste and water treatment solutions, we are able to provide cost and time efficient integrated engineering solutions and services to our customers according to their requirements. Our strong engineering capabilities have also enabled us to undertake various projects to customise solutions based on our customers' requirements. We believe that our ability to provide integrated engineering solutions and services reduces our reliance on external parties and enables us to bid for more varied projects.

We have established strong business relationships with our customers, suppliers and sub-contractors

We have established strong relationships with our customers by delivering quality solutions and services that adhere to their standards and requirements, completing projects on time, making regular site visits and having periodic meetings with them. We are committed to consistently delivering our solutions and services to the satisfaction of our customers and have established a firm reputation in providing reliable water and waste management solutions and services, having completed more than 1,000 projects to date. Repeat customers such as PUB and NEA, which in aggregate accounted for approximately 98.4% and 99.5% of our Group's revenue in FY2016 and 9M2017, respectively, are a testament to the high level of customer satisfaction and the quality and reliability of our water and waste management solutions and services. We have also cultivated strong relationships with our suppliers and sub-contractors over the years, which enable us to provide a comprehensive range of water and waste management solutions and services, and respond to the needs of our customers in a timely and cost-effective manner.

BUSINESS

We have an experienced and committed management team and a pool of dedicated employees

Our management team possesses extensive experience, technical expertise and valuable business relationships with the market players in the business of environmental engineering for the provision of water and waste management solutions and services. Each of our Chief Executive Officer, Sim Hock Heng, and our Executive Directors, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat, has approximately 20 years of experience in the industry and are instrumental in providing our Group with their invaluable strategic leadership. They are committed to the development of our business and will continue to spearhead our business operations and future plans to ensure the continued success of our Group. Our Directors are supported by our Executive Officers, an experienced and dedicated team of project managers, engineers and employees who are committed to fostering strong relationships with our customers and suppliers. We believe that our employees are an invaluable resource and strive to cultivate long-standing relationships with them.

PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

PROSPECTS

We are an environmental engineering company with more than ten years of experience in the field of water and waste management. Our Directors believe that the growth in the water and wastewater treatment industry in Singapore and ASEAN will contribute positively to the prospects of our Group.

Singapore

Municipal Sector

Singapore draws more than half of its water supply from Johor's Linggiu Reservoir¹ which may run out in 2017 if it turns out to be a dry year. Water levels at the reservoir have dropped from 84% at the start of 2015 to 49% at the start of 2016 and the lowest recorded level of 20% in October 2016. As at 1 January 2017, the water level at the Linggiu Reservoir in Johor stood at 27%.²

By 2060, Singapore's water use is expected to more than double from about 430 million gallons a day ("mgd"). To ensure that Singapore will be self-sufficient in meeting its water demand in the long run, it has been the nation's strategy to expand the water supply from local sources through (a) collecting water from local catchments, (b) recycling used water, and (c) desalination of sea water.³ Our Directors believe that the government will continue to build and enhance Singapore's water infrastructure to ensure sustainable and quality supply of water, presenting ample growth opportunities in the water management industry. We note that the following water development plans have been announced:

(a) Collecting water from local catchments

Two-thirds of Singapore's land area is used as water catchment. Rainwater that falls on these areas is collected through a network of drains, canals and rivers, and channelled to our 17 reservoirs as a source of water supply.⁴ To ensure a continuous supply of fresh water, there is an on-going need to maintain, upgrade and expand the existing water catchment network.

1 The information was extracted from an article entitled "Use less water, PM Lee reminds as Johor reservoir dries up" published by The Straits Times at <http://www.straitstimes.com/singapore/environment/use-less-water-pm-reminds-as-reservoir-dries-up>. The Straits Times has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While our Directors have taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

2 The information was extracted from an article entitled "'Significant risk' Linggiu Reservoir may dry out this year: Vivian Balakrishnan" published by Channel NewsAsia at <http://www.channelnewsasia.com/news/asiapacific/significant-risk-linggiu-reservoir-may-dry-out-this-year-vivian/3426890.html>. Channel NewsAsia has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While our Directors have taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

3 The information was extracted from the internet publication entitled "Our Water, Our Future" of PUB at <https://www.pub.gov.sg/Documents/PUBOurWaterOurFuture.pdf>. PUB has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While our Directors have taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

4 The information was extracted from the internet website of PUB at <https://www.pub.gov.sg/watersupply/fountainaltaps/localcatchmentwater>. PUB has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While our Directors have taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

(b) Recycling used water

Singapore is one of the world leaders in recycling used water with four NEWater plants meeting up to 30% of the nation's current water needs. By 2060, NEWater is expected to meet up to 55% of Singapore's future water demand.¹ To facilitate such plan, a super highway for used water management, the Deep Tunnel Sewerage System ("DTSS") has been implemented to channel used water to water reclamation plants for treatment and further purification into reclaimed water called NEWater, or discharged into the sea. DTSS Phase 1 was completed in 2008 at the cost of \$3.4 billion and DTSS Phase 2 is targeted for completion by 2025. The highlight of DTSS Phase 2 will be the new Tuas Water Reclamation Plant and an integrated NEWater factory. It also comprises deep tunnels and link sewers.² The cost of DTSS Phase 2 is estimated to be S\$6.5 billion.³ Upon the completion of DTSS Phase 2, PUB intends to redevelop the Kranji Water Reclamation Plant from 2030 onwards.⁴

(c) Desalination of sea water

By 2020, PUB will build two more 30 mgd desalination plants at Tuas and Marina East to boost the country's water output. A fifth desalination plant will also be built on Jurong Island.¹ PUB plans to double the nation's desalination capacity by 2030, and triple it by 2060 to meet up to 30% of its future water needs.⁵

Our Directors believe that these government initiatives will translate into opportunities for our Group to participate in the development of the future water infrastructure, as our track record in the industry puts us in good stead to match these demands.

1 The information was extracted from the internet publication entitled "Our Water, Our Future" of PUB at <https://www.pub.gov.sg/Documents/PUBOurWaterOurFuture.pdf>. PUB has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While our Directors have taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

2 The information was extracted from the "Factsheet on Deep Tunnel System Phase 2 & Integrated Waste Management Facility" from the website of PUB at <https://www.pub.gov.sg/sites/assets/PressReleaseDocuments/Fact%20sheet%20on%20Deep%20Tunnel%20Sewerage%20System%20With%20IWMF.pdf>. PUB has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While our Directors have taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

3 The information was extracted from the internet website of NEA at <http://www.nea.gov.sg/corporate-functions/newsroom/news-releases/pub-nea-to-call-tenders-for-dtss-phase-2-and-iwmf-projects>. NEA has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While our Directors have taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

4 The information was extracted from the internet website of PUB at <https://www.pub.gov.sg/dtss/phase2>. PUB has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While our Directors have taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

5 The information was extracted from the internet website of PUB at <https://www.pub.gov.sg/watersupply/fountainaltaps/desalinatedwater>. PUB has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While our Directors have taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

Industrial Sector

Currently, the non-domestic sector takes up 55% of Singapore's water demand. By 2060, non-domestic sector will account for 70% of Singapore's water demand. Managing industrial water use will thus become a priority for many water-intensive businesses operating in Singapore, including petrochemicals, electronics and pharmaceuticals.¹ From January 2015, it is mandatory for large water users with water consumption of at least 60,000 cubic metres in the preceding year to submit an annual Water Efficiency Management Plan to PUB. These large water users will also be required to install private water meters to track and monitor water usage.² As the government continues to encourage industrial players to make their facilities and manufacturing process more water-efficient, industrial players will need to expand or enhance their respective water or wastewater treatment facilities, creating new business opportunities for companies serving the water and wastewater management industry. Our Directors believe that the increasing demand for water by the industrial sector, coupled with the government's encouragement to make industrial facilities and manufacturing processes more water-efficient, will bring more business opportunities for our Group as we seek to expand into the industrial sector.

ASEAN

Some of the population in ASEAN countries may have limited access to fresh water supply due to, amongst other factors, weather conditions. At the same time, rapid industrialisation and urbanisation may also cause wastewater to be discharged into water bodies (such as rivers, lakes and the sea) with little or no primary treatment. Hence, our Directors believe that there are business opportunities in residential township areas and industrial areas for industry professionals to invest, build and operate privately-owned water treatment facilities in various ASEAN countries such as Malaysia, Myanmar, Vietnam and Indonesia. This will benefit our long-term growth as we seek to expand our business in the region.

TREND INFORMATION

For the financial year ending 31 March 2018, barring unforeseen circumstances, our Directors note the following trends based on the operations of our Group as at the Latest Practicable Date:

(a) Revenue and profit margin

We expect revenue from the Engineering, Procurement and Construction segment to increase in line with our order book, and revenue from the Operations and Maintenance segment to decrease due mainly to an expected decrease in contract values as a result of an increase in competition. Nevertheless, we expect our overall revenue to increase in line with our order book.

1 The information was extracted from the internet publication entitled "Our Water, Our Future" of PUB at <https://www.pub.gov.sg/Documents/PUBOurWaterOurFuture.pdf>. PUB has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While our Directors have taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

2 The information was extracted from the internet website of PUB at <https://www.pub.gov.sg/savewater/atwork/managementplan>. PUB has not consented to the inclusion of the above information in this Offer Document for the purpose of Section 249 of the SFA and is therefore not liable for the relevant information under Section 253 and 254 of the SFA. While our Directors have taken reasonable effort to ensure that the information is extracted accurately and fairly, and has been included in this Offer Document in its proper form and context, they have not independently verified the accuracy of the relevant information.

PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

We operate in a competitive environment and the prices for our solutions and services are subject to constant pressure. Accordingly, the gross profit margins for our projects are generally expected to fluctuate.

(b) Staff and raw material costs

We expect that our staff costs will gradually increase due to competition for a relatively limited pool of skilled workers, and the expected increase in our business activities.

We expect an increase in equipment and material costs, in tandem with our increased business activities. The prices of equipment and materials are not expected to fluctuate significantly in the near future. However, in the event that the prices of equipment and materials fluctuate, our costs will fluctuate in tandem.

(c) Share based payment expenses

We expect to record share based payment expenses pursuant to the transfer of 2,656,578 Employee Shares by Typha Holdings to 83 of our employees to recognise and reward them for their past contributions and services, and to align their interests with our Group to encourage greater dedication and loyalty to our Group.

We expect to charge an aggregate of approximately S\$0.6 million to our profit or loss pursuant to the transfer of the Employee Shares for a period of 24 months commencing from the date of listing of our Company on Catalist.

(d) Listing expenses and ongoing compliance costs

Our Directors expect the operating expenses to increase mainly due to the listing expenses as well as the ongoing compliance costs to comply with our Group's listing obligations. In accordance with the Singapore Financial Reporting Standards, only a portion of listing expenses incurred will be capitalised while the balance will be expensed off. Please refer to the "Use of Proceeds from the Invitation and Listing Expenses Incurred" section of this Offer Document for further details on the listing expenses.

Save as discussed above and under the "Risk Factors" section of this Offer Document, and barring any unforeseen circumstances, our Directors are not aware of any significant recent trends or any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our revenue, profitability, liquidity or capital resources, or that would cause the financial information disclosed in this Offer Document to be not necessarily indicative of our future operating results or financial performance. Please also refer to the "Cautionary Note Regarding Forward-Looking Statements" section of this Offer Document.

ORDER BOOK

Our order book based on unfulfilled orders from signed contracts and confirmed variation orders as at 31 December 2016 and signed contracts, confirmed variation orders and letters of awards obtained during the period from 1 January 2017 to the Latest Practicable Date amounted to approximately S\$105.8 million. Barring unforeseen circumstances, we expect more than 50% of these orders to be fulfilled in FY2018. However, our order book may not be an accurate indicator of our future performance as we have not taken into account any potential renegotiations, cancellations or deferment of orders in determining our order book.

PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

BUSINESS STRATEGIES AND FUTURE PLANS

Our business strategies and future plans for the growth and expansion of our business are as follows:

Capitalising on our established track record to secure more projects and projects of a larger scale

We are an established environmental engineering company with more than ten years of experience in the field of water and waste management. We intend to capitalise on our established track record to secure more projects and projects of a larger scale so as to increase our market share in the industry. We believe that the Singapore government's initiatives and the development plans for the water and wastewater industry, as highlighted in the "Prospects, Business Strategies and Future Plans – Prospects" section of this Offer Document, will create business opportunities for our Group. We intend to use S\$5.74 million of the net proceeds from the Invitation as working capital to allow our Group to undertake more projects and projects of a larger scale.

Expanding our business premises

In line with our plans to undertake more projects and projects of a larger scale, we intend to expand our business premises to cater to our existing and future operational needs. We currently operate from our premises at 15 Kian Teck Drive Singapore 628832. We intend to acquire new business premises to increase our office and workshop space for our business expansion. To this end, we have in February 2017 exercised an option to purchase the New Property. We intend to use S\$2.92 million of the net proceeds from the Invitation to partially finance the acquisition and renovation of the New Property, and the balance purchase consideration for the New Property will be financed through bank borrowings.

Investing in a business development department

We intend to leverage our technical knowledge, industry experience and track record to secure more contracts from customers in the industrial sector, to further strengthen our market position in Singapore. In addition, we intend to expand into the industrial and public sectors in neighbouring ASEAN countries that are still developing their water and waste management infrastructure, such as Malaysia, Myanmar, Vietnam and Indonesia. We believe that our established track record in Singapore will provide us with an advantage in penetrating the overseas market and that entering into new geographical markets will be beneficial for our long-term growth. To this end, we intend to invest in a business development department and engage qualified employees to explore opportunities both locally and in the Southeast Asian region. We may also consider achieving our goals through acquisitions, joint ventures or strategic alliances with parties who offer such opportunities. We intend to use S\$1.06 million of the net proceeds from the Invitation for this purpose.

GOVERNMENT REGULATIONS

Our Directors believe that we have obtained all requisite approvals, and are in compliance with all laws and regulations that would materially affect our business operations.

Save as disclosed below, as at the Latest Practicable Date, our business operations were not subject to any special legislations or regulatory controls in Singapore and Malaysia where we operate, other than those generally applicable to companies and businesses incorporated and/or operating in Singapore or Malaysia. We have thus far not experienced any adverse effect on our business in complying with these regulations.

SINGAPORE

Contractors Registry of the BCA

The Contractors Registry is administered by the BCA and was established to register contractors who are able to provide construction related goods and services to the public sector which include government departments, statutory bodies and other public sector organisations.

Sanli Engineering is registered with the BCA as follows:

Workhead	Workhead description	Grade	Tender capacity for each project
ME02	Building automation, industrial and process control systems	L4	S\$6.5 million
ME05	Electrical engineering	L5	S\$13.0 million
ME11	Mechanical engineering	L6	Unlimited
SY08	Mechanical equipment, plant and machinery	L3	S\$4.0 million

The grading given by BCA is subject to renewal every three years. In granting renewal, BCA will consider factors such as our paid-up capital, net worth, and our track record. Our current gradings are due for renewal on 1 April 2018.

We may lose or may not be able to renew our registration if we are not able to meet the conditions for maintaining or renewing such registration, or if we have not actively tendered for contracts. If we lose our registration, we will not be able to tender directly for public sector projects that require the relevant BCA gradings.

Licensing of Builders

The construction industry in Singapore is regulated by the BCA, whose primary role is to develop and regulate Singapore's building and construction industry. The Building Control Act (Chapter 29) and the Building Control (Licensing of Builders) Regulations 2008 set out the requirements for the licensing of builders. Builders who undertake all building works where plans are required to be approved by the BCA and those who undertake works in specialist areas which have a high impact on public safety and require specific expertise, skill or resources for their proper execution have to be licensed by the BCA. The aim of licensing of builders is to raise professionalism among builders by requiring them to meet minimum standards of management, safety record and financial solvency and to ensure that building works are carried out only by builders with experienced key personnel to manage the business and properly qualified technical personnel to supervise the execution of the works.

GOVERNMENT REGULATIONS

Builders may be licensed under two registers, each of which will be renewable on a three-yearly basis. The two registers are the General Builder Register and the Specialist Builder Register. Under the General Builder Register, there are two categories. General Builder Class 1 allows the builder to undertake general building works of unlimited value and General Builder Class 2 allows the builder to undertake general building works of contract value S\$6.0 million or less.

As at the Latest Practicable Date, Sanli Engineering is licensed under General Builder Class 2 until 27 August 2019.

Contractors licensed under General Builder Class 2 will need to have a minimum paid-up capital of S\$25,000, as well as an approved person and a technical controller who hold the required qualifications and possess the required number of years of practical experience in the execution of construction projects. The approved person is the appointed key personnel in-charge of the management of the business and shall be a director or member of the board of management of the company or an employee with similar duties and responsibilities as a director or member of the board of management. The technical controller is the appointed key personnel who carries out personal supervision of the execution and performance of any general building works in Singapore undertaken by the builder. The technical controller could be the director or member of board of management of the company or an employee with similar duties and responsibilities as such director or member of board of management.

Workplace Safety and Health Act (Chapter 354A) (“WSHA”)

Under the WSHA, every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work. More specific duties imposed by the MOM on employers are laid out in the Workplace Safety and Health (General Provisions) Regulations 2006 (“WSHR”). Some of these duties include taking effective measures to protect persons at work from the harmful effects of any exposure to any bio-hazardous material which may constitute a risk to their health.

Pursuant to the WSHR, machinery or equipment such as bar-benders and welding equipment, are required to be tested and examined to ensure that the machinery or equipment used is safe, and without risk to health, when properly used.

In addition to the above, under the WSHA, inspectors appointed by the Commissioner for Workplace Safety and Health (“CWSH”) may, *inter alia*, enter, inspect and examine any workplace and any machinery, equipment, plant, installation or article at any workplace, to make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with, to take samples of any material or substance found in a workplace or being discharged from any workplace for the purpose of analysis or test, to assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels of persons at work therein and to take into custody any article in the workplace which is required for the purpose of an investigation or inquiry under the WSHA.

GOVERNMENT REGULATIONS

Under the WSHA, the CWSH may serve a remedial order or a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The remedial order shall direct the person served with the order to take such measures, to the satisfaction of the Commissioner, to, *inter alia*, remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work, whilst the stop-work order shall direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

During the Period Under Review and up to the Latest Practicable Date, there had been no remedial orders or stop-work orders issued to our Group under the WSHA.

Building and Construction Industry Security of Payment Act (Chapter 30B) (“BCISPA”)

The BCISPA, which is under the purview of the BCA, facilitates payments for construction work done or for related goods or services supplied in the building and construction industry. It confers a statutory entitlement to progress payments on any person who has carried out any construction work or supplied any goods or services under a contract. The BCISPA also provides for, *inter alia*, the amount of progress payments to which such person is entitled under a contract, the valuation of the construction work carried out or goods or services supplied, and the date on which a progress payment becomes due and payable (even where the contract does not provide for such date). Under the BCISPA, a “pay when paid” provision in a contract is unenforceable and has no effect in relation to any payment for construction work carried out or for goods or services supplied under the contract.

In addition, the BCISPA provides for the following rights:

- (a) the right of a claimant (being the person who is or claims to be entitled to a progress payment) who, in relation to a construction contract, fails to receive payment by the due date of an amount that is proposed to be paid by the respondent (being the person who is or may be liable to make a progress payment under a contract to the claimant) and accepted by the claimant, to make an adjudication application in relation to the payment claim. The BCISPA has established an adjudication process by which a person may claim payments due under a contract and enforce payment of the adjudicated amount;
- (b) the right of a claimant to have a lien on goods supplied by the claimant to the respondent that are unfixed and which have not been paid for, to suspend the carrying out of construction work or the supply of goods or services if the adjudicated amount has not been paid, and to enforce an adjudication determination, with leave of the court, in the same manner as a judgement or an order of court to the same effect; and
- (c) where the respondent fails to pay the whole or any part of the adjudicated amount to a claimant, the right of a principal of the respondent (being the person who is liable to make payment to the respondent for or in relation to the construction work or goods or services that is the subject of the contract between the respondent and the claimant) to make direct payment of the amount outstanding to the claimant, together with the right for such principal to recover such payment as a debt due from the respondent.

GOVERNMENT REGULATIONS

Employment of Foreign Workers

The employment of foreign workers in Singapore is governed by the Employment of Foreign Manpower Act (Chapter 91A) (the “**EFMA**”), and regulated by the Ministry of Manpower (the “**MOM**”). Under Section 5(1) of the EFMA, no person shall employ a foreign worker unless the foreign worker has obtained a valid work pass from the MOM. An employer of foreign workers is also subject to, amongst others, the Employment Act (Chapter 91) (the “**Employment Act**”) and the Immigration Act (Chapter 133) (the “**Immigration Act**”).

The availability of foreign workers to the construction industry is regulated by the MOM through the following requirements:

(a) Approved source countries

The approved source countries for construction workers are Malaysia, the People’s Republic of China (the “**PRC**”), Non-Traditional Sources (“**NTS**”) and North Asian Sources (“**NAS**”). NTS countries comprise India, Sri Lanka, Thailand, Bangladesh, Myanmar and the Philippines. NAS countries comprise Hong Kong Special Administrative Region, Macau Special Administrative Region, South Korea and Taiwan.

(b) Dependency ceiling based on the ratio of local to foreign workers

The dependency ratio ceiling or quota for the construction industry is currently set at a ratio of one full-time local worker for every seven foreign workers. This means that for every full-time Singapore Citizen or Singapore Permanent Resident employed by our Company, our Company can employ up to seven foreign workers holding work permits. If the quota is exceeded, new applications for and renewals of work passes may be rejected.

(c) Security bonds and foreign worker levies

All employers are required to deposit, for each non-Malaysian work permit holder, a S\$5,000 security bond with the MOM. The security bond must be furnished prior to the foreign worker’s arrival in Singapore, failing which entry into Singapore will not be allowed. The security bond will be returned only if (i) the work permit has been cancelled, (ii) the foreign worker has returned to his home country, and (iii) there were no breaches of the conditions of the work permit, conditions of the security bond and any relevant law.

The employment of foreign workers is also subject to the payment of levies. For the construction sector, employers pay the levy according to the qualifications of the workers and the countries where they are from. The monthly levy for work permit holders ranges from S\$300 to S\$950.

(d) Man-year entitlement

The man-year entitlement (“**MYE**”) allocation system applies to construction workers from NTS countries and the PRC. One man-year is equivalent to one year of employment under a work permit. The MYE reflects the total number of such work permit holders a main contractor is entitled to employ for a project based on the value of the project or contract awarded. Only main contractors may apply for MYE and they may allocate their MYE to other contractors involved in the same project. All sub-contractors must obtain their MYE allocation from the main contractor.

GOVERNMENT REGULATIONS

Work Injury Compensation

Work injury compensation is governed by the Work Injury Compensation Act (Chapter 354) (the “WICA”), and is regulated by the MOM. The WICA applies to employees in respect of injuries suffered by them arising out of and in the course of their employment and sets out, amongst others, the amount of compensation they are entitled to and the methods of calculating such compensation. The WICA provides that if in any employment, personal injury by accident arising out of and in the course of the employment is caused to an employee, his employer shall be liable to pay compensation in accordance with the provisions of the WICA. The amount of compensation shall be computed in accordance with the Third Schedule of the WICA, subject to a maximum and minimum limit.

Further, the WICA provides that where any person (referred to as the principal) in the course of or for the purpose of his trade or business contracts with any other person (referred to as the employer) for the execution by the employer of the whole or any part of any work, or for the supply of labour to carry out any work, undertaken by the principal, the principal shall be liable to pay to any employee employed in the execution of the work any compensation which he would have been liable to pay if that employee had been immediately employed by the principal.

Every employer is required to maintain work injury compensation insurance for all employees doing manual work and all employees earning less than S\$1,600 per month. Failure to do so is an offence carrying a fine of up to S\$10,000 and/or imprisonment of up to 12 months.

As at the Latest Practicable Date, we have maintained work injury compensation insurance in compliance with the WICA.

Employment Act

The Employment Act (Chapter 91) (the “**Employment Act**”) is administered by MOM and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees who are covered under the Employment Act. In particular, Part IV of the Employment Act sets out requirements for rest days, hours of work and other conditions of service for workmen who receive salaries not exceeding S\$4,500 a month and employees (other than workmen) who receive salaries not exceeding S\$2,500 a month. Section 38(8) of the Employment Act provides that an employee is not allowed to work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, Section 38(5) limits the extent of overtime work that an employee can perform to 72 hours a month.

Employers must seek the prior approval of the Commissioner for Labour (the “CL”) for exemption if they require an employee or class of employees to work for more than 12 hours a day or more than 72 overtime hours a month. The CL may, after considering the operational needs of the employer and the health and safety of the employee or class of employees, by order in writing, exempt such employees from the overtime limits subject to such conditions as the CL thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such employees are employed.

An employer who breaches the above provisions shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000, and for a second or subsequent offence to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

GOVERNMENT REGULATIONS

Workplace Safety and Health (Scaffolds) Regulations 2011 (“Scaffolds Regulations”)

The Scaffolds Regulations require contractors which construct, erect, install, re-position, alter, maintain, repair or dismantle any scaffold (not being a tower scaffold, trestle scaffold or scaffold with a height of less than four metres) in any workplace to hold a certificate of approval as an approved scaffold contractor. An approved scaffold contractor:

- (a) carries out the erection, installation, re-positioning, alteration or dismantling of scaffolds;
- (b) ensures that there are enough erection and rigging teams who are properly instructed to do the work according to the manufacturer’s procedure; and
- (c) is responsible for erecting scaffolds that are in good condition and type-tested by a recognised testing body in accordance with a standard or specification acceptable to the CWSH and that it complies with the Scaffolds Regulations, and other relevant regulations and other conditions as may be imposed by the CWSH as deemed fit.

To apply to be certified as an approved scaffold contractor, the contractor must meet the following requirements:

- (i) employ a minimum of two scaffold supervisors and five scaffold erectors. The employees must complete a training course approved by the CWSH to carry out work with scaffolds. If the supervisors or erectors are foreign workers, they must be direct employees;
- (ii) be registered with ACRA; and
- (iii) obtain a bizSAFE Level 3 or above certification.

As at the Latest Practicable Date, Sanli Engineering had been certified by MOM as an approved scaffold contractor for the purpose of carrying out the erection, alteration and dismantling of metal scaffolds. The certification is valid as long as our bizSAFE Level 3 and above certification is valid.

Environmental Protection and Management Act (Chapter 94A) (“EPMA”)

The EPMA as regulated by the NEA, provides, *inter alia*, that every person storing, using or otherwise dealing with any hazardous substance and every agent, servant or employee of such person shall do so in such a manner as not to threaten the health or safety of any person, or to cause pollution of the environment. Any person who contravenes the above requirement shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$50,000 or to imprisonment for a term not exceeding two years or to both and, in the case of a continuing offence, to a further fine not exceeding S\$2,000 for every day or part thereof during which the offence continues after conviction.

In addition, the Environmental Protection and Management (Hazardous Substances) Regulations (“EPM(HS)R”), provides, *inter alia*, that a person shall not use, keep or have in his possession or under his control any hazardous substance specified in the Schedule of the EPM(HS)R unless he is authorised to store such hazardous substance. Any person who contravenes this provision shall be liable on conviction to a fine not exceeding S\$30,000 or to imprisonment for a term not exceeding two years or to both and, in the case of a continuing offence, to a further fine not exceeding S\$1,000 for every day or part thereof during which the offence continues after conviction. A person shall be authorised to store hazardous substances where, *inter alia*, he is issued with a permit to store and use such hazardous substances. It shall not be lawful for any

GOVERNMENT REGULATIONS

person to store or use any hazardous substance specified in the Schedule of the EPM(HS)R unless the storage or use of the hazardous substance is effected in accordance with the provisions of the permit and with any condition specified therein.

As at the Latest Practicable Date, Sanli Engineering held a permit under Regulation 17 of the EPM(HS)R to use hydrochloric acid, hydrofluoric acid, nitric acid and sulphuric acid. The said permit expires on 4 February 2018.

MALAYSIA

Occupational Safety and Health Act 1994 (“OSHA”)

There are no licences or certificates issued pursuant to the OSHA. However, there are obligations imposed under the OSHA, including but not limited to the following:

- (a) to ensure, so far as is practicable, the safety, health and welfare at work of all employees;
- (b) without prejudice to the above, the matters to which the duty extends include in particular:
 - (i) the provision and maintenance of plant and systems of work that are, so far as is practicable, safe and without risks to health;
 - (ii) the making of arrangements for ensuring, so far as is practicable, safety and absence of risks to health in connection with the use or operation, handling, storage and transport of plant and substances;
 - (iii) the provision of such information, instruction, training and supervision as is necessary to ensure, so far as is practicable, the safety and health at work of employees;
 - (iv) so far as is practicable, as regards any place of work under the control of the employer or self-employed person, the maintenance of it in a condition that is safe and without risks to health and the provision and maintenance of the means of access to and egress from it that are safe and without such risks; and
 - (v) the provision and maintenance of a working environment for employees that is, so far as is practicable, safe, without risks to health, and adequate as regards facilities for their welfare at work; and
- (c) except in such cases as may be prescribed, it shall be the duty of every employer and every self-employed person to prepare and as often as may be appropriate revise a written statement of general policy with respect to the safety and health at work of employees and the organisation and arrangements for the time being in force for carrying out that policy, and to bring the statement and any revision of it to the notice of all employees.

Contravention of any of the above provisions shall, on conviction, be liable to a fine not exceeding RM50,000 or to imprisonment for a term not exceeding two years or to both.

GOVERNMENT REGULATIONS

Employee Provident Fund Act 1991

Pursuant to section 43(1) of the Employee Provident Fund Act 1991 (“**EPFA**”), it is compulsory for employees and their employers to make monthly contributions on the amount of wages at the rate respectively set out in the Third Schedule of the EPFA to the Employment Provident Fund which is a statutory retirement fund. The contributions are made to the account of the individual employee.

Employees’ Social Security Act 1969

Monthly contributions will also have to be made to Social Security Organisation Fund (“**SOCSSO**”) both by the employer and employees irrespective of the amount of wages as per the rates set out in the Third Schedule of the Employees’ Social Security Act 1969 (“**ESSA**”). The SOCSSO administers:

- (a) the Employment Injury Insurance Scheme which provides employees with coverage in the event of industrial accidents while carrying out their duties, accidents while travelling, accident during emergency and occupational disease. The benefits under this scheme is medical benefit, temporary disablement benefit, permanent disablement benefit, constant-attendance allowance, facilities for physical and vocational rehabilitation, return to work programme, dependants’ benefit, funeral benefit and education benefit; and
- (b) the Invalidity Pension Scheme which provides 24-hours coverage to employees against invalidity and death due to any cause before attaining the age of 60 years.

Foreign Investment Committee (“**FIC**”)

The FIC is a committee of the Economic Planning Unit of the Malaysian Prime Minister’s Department. Up until recently, it regulated and prescribed guidelines (“**FIC Guidelines**”) in connection with matters such as acquisition of interests, mergers and take-overs of companies and businesses in Malaysia to ensure Malaysian participation in ownership and control.

Amongst others, the guidelines under the FIC provided that, the approval of the FIC is required, *inter alia*, where there is an acquisition by:

- (a) any one foreign interests of 15% or more of the voting rights of a local company or business in Malaysia; or
- (b) any associated or non-associated group of foreign interests in the aggregate of 30% or more of the voting rights of a local company or business in Malaysia.

On 30 June 2009, the Prime Minister of Malaysia announced a rationalisation of the investment guidelines administered by the FIC, which included the repeal of the FIC guidelines on the acquisition of interests, mergers and takeovers. Following this announcement, foreign companies are no longer required to obtain FIC approval for their interests or shareholding in Malaysian companies and businesses. Our Malaysian business will therefore be exempted from FIC compliance so long as this liberalisation is in place.

EXCHANGE CONTROLS

The following is a description of the exchange controls in Singapore where our Group operates.

Singapore

There are no Singapore governmental laws, decrees, regulations or other legislation that may affect the following:

- (a) the import or export of capital, including the availability of cash and cash equivalents for use by our Group; and
- (b) the remittance of dividends, interest or other payments to non-resident holders of our Company's securities.

Malaysia

Exchange control in Malaysia is implemented under the FSA and the IFSA and the government authority is the Foreign Exchange Administration Department ("**FEA**") of Bank Negara. Payments or repatriation of moneys from our subsidiary in Malaysia to us are considered payments from "residents" to "non-residents" for the purposes of exchange control.

Under Notice 4 of the current foreign exchange rules ("**FER**") issued by the FEA, a resident is allowed to make or receive payment in RM in Malaysia to or from a non-resident under the following circumstances:

- (a) settlement of an RM asset including any income and profit due from the RM asset;
- (b) settlement of trade in goods;
- (c) settlement of services, in any manner;
- (d) income earned or expense incurred in Malaysia;
- (e) settlement of a commodity Murabahah transaction between a resident and non-resident participant undertaken through a resident commodity trading service provider;
- (f) settlement of reinsurance for domestic insurance business or Retakaful for domestic Takaful business between a resident and a person licensed to undertake Labuan insurance or Takaful business;
- (g) settlement of a non-financial guarantee denominated in RM issued by a person licensed to undertake Labuan banking business in favour of a resident; or
- (h) for any purpose between immediate family members.

With respect to foreign currencies, payment may be made or received between a resident and a non-resident for any purpose, other than for:

- (a) a derivative denominated in foreign currency offered by the resident save where it has been approved by Bank Negara or allowed under the issuance, buying or selling of financial instrument or Islamic financial instrument in Notice 5 of the FER issued by Bank Negara;
- (b) a derivative denominated in foreign currency offered by the non-resident; or

EXCHANGE CONTROLS

- (c) a derivative denominated in or referenced to RM save where it has been approved by Bank Negara or allowed under the issuance, buying or selling of financial instrument or Islamic financial instrument in Notice 5 of the FER issued by Bank Negara.

Notwithstanding that payments may not be made or received between a resident and a non-resident under a derivative denominated in foreign currency offered by the non-resident, payment in foreign currency is allowed for:

- (a) a derivative denominated in foreign currency, other than exchange rate derivative with reference to RM, purchased by a licensed onshore bank for its own account;
- (b) an interest rate swap denominated in foreign currency between a resident and Labuan banks to manage interest rate exposure arising from borrowing in foreign currency as set out in Part A of Notice 2 of the FER issued by Bank Negara on borrowing by resident; or
- (c) derivative denominated in foreign currency, other than exchange rate derivatives, offered on a Specified Exchange stipulated under the CMSA undertaken through a resident futures broker by a resident with firm commitment.

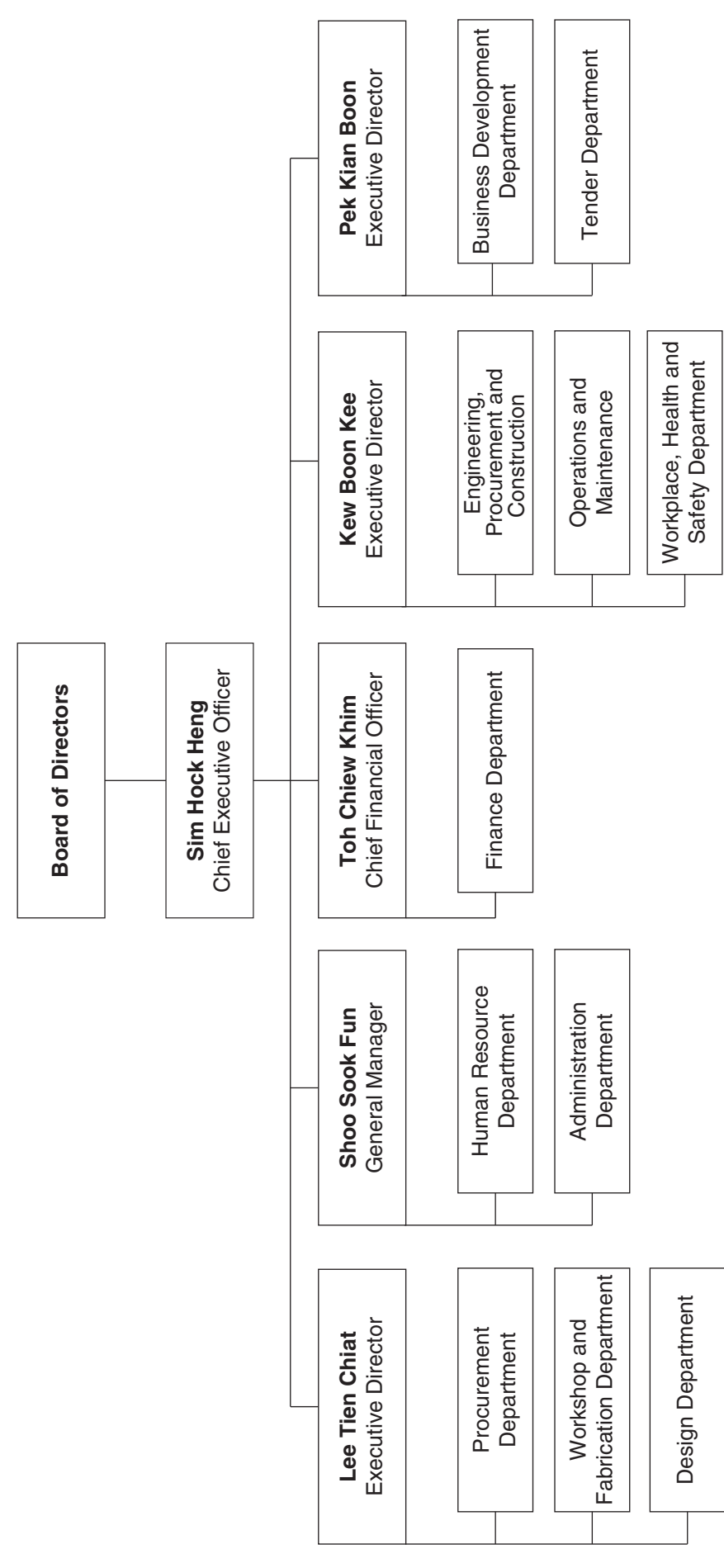
For the purpose of payment arising from the settlement of services, a resident is allowed to receive such payment in foreign currency from a non-resident in any manner.

If the payment between a resident and a non-resident is for purposes otherwise than allowed above, the parties would be required to obtain the express written consent of Bank Negara to proceed with such payment.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

MANAGEMENT REPORTING STRUCTURE

Our management reporting structure as at the Latest Practicable Date is set out below:



DIRECTORS, EXECUTIVE OFFICERS AND STAFF

DIRECTORS

Our Directors are entrusted with the responsibility for the overall management of our Group. The particulars of our Directors as at the Latest Practicable Date are set out below:

Name	Age	Address	Designation
Ng Lip Chi, Lawrence	45	15 Kian Teck Drive Singapore 628832	Non-Executive Chairman and Independent Director
Sim Hock Heng	46	15 Kian Teck Drive Singapore 628832	Chief Executive Officer
Kew Boon Kee	47	15 Kian Teck Drive Singapore 628832	Executive Director
Pek Kian Boon	46	15 Kian Teck Drive Singapore 628832	Executive Director
Lee Tien Chiat	45	15 Kian Teck Drive Singapore 628832	Executive Director
Chan Hock Leong	46	15 Kian Teck Drive Singapore 628832	Independent Director
Elaine Beh Pur-Lin	50	15 Kian Teck Drive Singapore 628832	Independent Director

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of our Directors are set out below:

Ng Lip Chi, Lawrence was appointed to our Board on 11 May 2017 and is our Non-Executive Chairman and Independent Director. Ng Lip Chi, Lawrence 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. He 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. Ng Lip Chi, Lawrence graduated from the National University of Singapore with a Bachelor of Business Administration degree in July 1995. He is also a Chartered Financial Analyst.

Sim Hock Heng was appointed to our Board on 27 February 2017 and is our Chief Executive Officer. Sim Hock Heng co-founded our Group with our Executive Directors, Kew Boon Kee and Pek Kian Boon. Sim Hock Heng oversees the overall business operation and general management of our Group. He started his career as a technical officer at the Housing Development Board in December 1993. In April 1995, he joined Dayen Environmental Ltd (now known as Moya Holdings Asia Limited) (“**Dayen**”) 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, Sim Hock Heng was engaged by Dayen as a freelance project manager to complete an on-going project until March 2006. Sim Hock Heng graduated with a Diploma in Electrical Engineering in April 1991 from Singapore Polytechnic. He subsequently obtained a Bachelor of Science degree from SIM University in September 2007.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Kew Boon Kee was appointed to our Board on 27 February 2017 and is our Executive Director. Together with Sim Hock Heng, our Chief Executive Officer, and Pek Kian Boon, our Executive Director, Kew Boon Kee co-founded our Group. Kew Boon Kee 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. He started his career as an engineer with SKLA Engineering Sdn Bhd in February 1997 before he 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, Kew Boon Kee was engaged by Dayen as a freelance project engineer to complete an on-going project until March 2006. Kew Boon Kee 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.

Pek Kian Boon was appointed to our Board on 27 February 2017 and is our Executive Director. Together with Sim Hock Heng, our Chief Executive Officer, and Kew Boon Kee, our Executive Director, Pek Kian Boon co-founded our Group. Pek Kian Boon heads our tender team, for both Engineering, Procurement and Construction, and Operations and Maintenance business segments and spearheads our business development activities. Pek Kian Boon started his career with Singapore Armed Forces in March 1992 as an infantry officer. Subsequently in 1994, his vocation was converted to army technical officer where he was responsible for managing research and development projects. Prior to founding our Group, he was a project manager at Dayen and was in charge of project management and internal audits for ISO system between September 1998 and March 2006. Pek Kian Boon graduated with a Diploma in Mechanical Engineering from Ngee Ann Polytechnic in August 1991.

Lee Tien Chiat was appointed to our Board on 27 February 2017 and is our Executive Director. Lee Tien Chiat is in charge of our procurement function, workshop and fabrication team as well as our design team. He started his career with Feng Fu Enterprise Co. in June 1995 as a design engineer. He then joined Sun Machinery Sdn Bhd in late 1996 as a mechanical engineer where he was responsible for project implementation. Prior to joining our Group in October 2007, he was a project manager at Dayen and was in charge of project management between September 1999 and September 2007. Lee Tien Chiat 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.

Chan Hock Leong was appointed to our Board on 11 May 2017 and is our Independent Director. He is currently a senior partner and head of audit and assurance of Mazars LLP Singapore. Chan Hock Leong started his career as an audit semi senior in a local audit firm in Malaysia in August 1993 before joining BDO Malaysia in March 1995. He then left as an assistant audit manager and joined BDO Singapore where he managed a portfolio of audit clients in February 1998, and subsequently left as a senior audit manager in February 2003. Between March 2003 and April 2005, Chan Hock Leong was a director of a business advisory firm which provided financial advisory services to small and medium enterprises. In May 2005, Chan Hock Leong joined Deloitte Singapore and left as a senior audit manager in October 2007. Prior to joining Mazars LLP Singapore in November 2011, he 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. Chan Hock Leong graduated with a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College in July 1993. He 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.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

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.

Elaine Beh Pur-Lin was appointed to our Board on 11 May 2017 and is our Independent Director. Elaine Beh Pur-Lin is currently a partner of Virtus Law LLP in Singapore and her principal areas of practice are in capital markets and mergers and acquisitions. She started her career as a legal assistant in Lee & Lee in 1990. She then joined Colin Ng & Partners LLP as a legal assistant in July 1991 and subsequently left as a partner in October 2013. In February 2014, Elaine Beh Pur-Lin joined Virtus Law LLP as a partner. She graduated with a Bachelor of Laws degree (Honours) from the National University of Singapore in June 1989. Elaine Beh Pur-Lin is an advocate and solicitor of the Supreme Court of Singapore and she is also a member of the Singapore Institute of Directors, The Law Society of Singapore and the Singapore Academy of Law.

Pek Kian Boon (our Executive Director) and Shoo Sook Fun (our General Manager – Corporate Services) are husband and wife. Save as aforesaid, none of our Directors has any family relationship with another Director or with any Executive Officer or Substantial Shareholder of our Company.

There was no arrangement or understanding with our Substantial Shareholders, customers or suppliers pursuant to which we have appointed any of them or any person nominated by any of them as our Director.

Ng Lip Chi, Lawrence and Elaine Beh Pur-Lin have prior experience as directors of public listed companies in Singapore. Sim Hock Heng, Kew Boon Kee, Pek Kian Boon, Lee Tien Chiat and Chan Hock Leong do not have prior experience as directors of public listed companies in Singapore but have received relevant training to familiarise themselves with the roles and responsibilities of a director of a company listed on the SGX-ST.

Save as disclosed below and excluding the directorship held in our Company, none of our Directors currently holds or has held any directorships in any company in the five years preceding the date of this Offer Document:

Name	Present directorships	Past directorships
Ng Lip Chi, Lawrence	<u>Group Companies</u>	<u>Group Companies</u>
	–	–
	<u>Other Companies</u>	<u>Other Companies</u>
	NLC Advisory Pte. Ltd. (formerly known as Credence Corporate Advisors Pte. Ltd.) UG Healthcare Corporation Limited	–

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Name	Present directorships	Past directorships
Sim Hock Heng	<u>Group Companies</u>	<u>Group Companies</u>
	Sanli Engineering Sanli Malaysia	—
	<u>Other Companies</u>	<u>Other Companies</u>
	Typha Holdings	Enlit Engineering Pte. Ltd. TechComm Global Pte. Ltd. (struck off)
Kew Boon Kee	<u>Group Companies</u>	<u>Group Companies</u>
	Sanli Engineering Sanli Malaysia	—
	<u>Other Companies</u>	<u>Other Companies</u>
	Typha Holdings	Enlit Engineering Pte. Ltd. TechComm Global Pte. Ltd. (struck off)
Pek Kian Boon	<u>Group Companies</u>	<u>Group Companies</u>
	Sanli Engineering Sanli Malaysia	—
	<u>Other Companies</u>	<u>Other Companies</u>
	Typha Holdings	Enlit Engineering Pte. Ltd. TechComm Global Pte. Ltd. (struck off)
Lee Tien Chiat	<u>Group Companies</u>	<u>Group Companies</u>
	Sanli Engineering Sanli Malaysia	—
	<u>Other Companies</u>	<u>Other Companies</u>
	Typha Holdings	Enlit Engineering Pte. Ltd. TechComm Global Pte. Ltd. (struck off)
Chan Hock Leong	<u>Group Companies</u>	<u>Group Companies</u>
	—	—
	<u>Other Companies</u>	<u>Other Companies</u>
	Urban Property Investments Ltd (as an alternate director)	City College Holdings Ltd.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Name	Present directorships	Past directorships
Elaine Beh Pur-Lin	<u>Group Companies</u>	<u>Group Companies</u>
	–	–
	<u>Other Companies</u>	<u>Other Companies</u>
	Acromec Limited Lion Huat Pte. Ltd.	Chancery Estates Pte. Ltd. CNP Compliance Pte. Ltd. CNP Services Pte. Ltd. Linkasia Consult Pte Ltd Sinergy Solutions Pte. Ltd. (struck off)

EXECUTIVE OFFICERS

Our day-to-day operations are entrusted to our Executive Directors who are assisted by experienced Executive Officers. The particulars of our Executive Officers as at the Latest Practicable Date are set out below:

Name	Age	Address	Current occupation
Shoo Sook Fun	46	15 Kian Teck Drive Singapore 628832	General Manager – Corporate Services
Toh Chiew Khim	51	15 Kian Teck Drive Singapore 628832	Chief Financial Officer

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of our Executive Officers are set out below:

Shoo Sook Fun is our General Manager – Corporate Services and is currently overseeing the human resource and administrative functions of our Group. Shoo Sook Fun started her career as an accounts assistant when she joined McGregor Sea & Air Services Limited in late 1990. She subsequently joined Premier Security Technology Pte Ltd (now known as ASC Technology Pte Ltd) in late 1991 as an accounts assistant and Peri-Hory Asia Framework Pte Ltd (now known as Peri Asia Pte. Ltd.) in early 1992 as an accounts executive. In July 1993, Shoo Sook Fun became an administration and finance manager in DFS Technology Pte. Ltd. where she was responsible for providing administrative support to the managing director, and managing the finance, accounting and human resource functions of the company. She was subsequently engaged by DFS Technology Pte. Ltd. as a part-time consultant between July 2007 and July 2008. Shoo Sook Fun joined our Group in July 2008 as an Administration Manager, when she was in charge of our administration and finance functions. She was later promoted as the Group Manager (Corporate Division) in September 2014 to oversee our administration, human resource and finance matters. Subsequently, she was re-designated as our General Manager – Corporate Services in January 2016. With the appointment of our Chief Financial Officer, Toh Chiew Khim, in September 2016, Shoo Sook Fun relinquished her role in overseeing the financial matters of our Group. Shoo Sook Fun graduated with a Diploma in Accountancy from Ngee Ann Polytechnic in August 1990 and a Master of Business Administration degree from University of Southern Queensland in September 2007.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Toh Chiew Khim is our Chief Financial Officer and is in charge of the overall finance, treasury, tax, accounting and compliance functions of our Group. Toh Chiew Khim started her career with T.S. Tay & Associates in May 1985 as an audit assistant. She joined Informatics Holdings Ltd in June 1987 as an accounts executive and left the company in March 1998 as a group accountant. Between April 1998 and February 2003, Toh Chiew Khim was the group financial controller in Cityneon International Pte Ltd (now known as CN Event & Exhibition International Pte. Ltd.) and was responsible for its financial accounts analysis, monthly consolidation and reporting, liquidity management, annual budgeting, and internal control systems and process. Prior to joining our Group in September 2016, Toh Chiew Khim was the chief financial officer of Tiong Woon Corporation Holding Ltd, a company listed on the SGX-ST, overseeing the financial reporting, cash-flow management, budgeting and forecasting, tax planning, financial and internal control systems, and compliance matters of the group. Toh Chiew Khim 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).

Pek Kian Boon (our Executive Director) and Shoo Sook Fun (our General Manager – Corporate Services) are husband and wife. Save as aforesaid, none of our Executive Officers has any family relationship with another Executive Officer or with any Director or Substantial Shareholder of our Company.

There was no arrangement or understanding with our Substantial Shareholders, customers or suppliers pursuant to which we have appointed any of them or any person nominated by any of them as our Executive Officer.

None of our Executive Officers currently holds or has held any directorships in any company in the five years preceding the date of this Offer Document.

EMPLOYEES

As at the Latest Practicable Date, we had a staff strength of 358 full-time employees. We do not employ a significant number of temporary employees.

The functional and geographical distribution of our full-time employees as at 31 March 2014, 31 March 2015 and 31 March 2016 were as follows:

Function/Geographical location	As at 31 March 2014	As at 31 March 2015	As at 31 March 2016
<i>Singapore</i>			
Management ⁽¹⁾	5	5	5
Finance	2	3	4
Human resource and administration	2	4	7
Operations	124	284	303
<i>Malaysia</i>			
Operations	–	9	9
Total	133	305	328

Note:

(1) Executive Directors and Executive Officers are classified under management.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

The number of employees had increased from FY2014 to FY2016 in line with the increase in our business activities.

Our employees are not unionised. During the Period Under Review and up to the Latest Practicable Date, our relationships with our employees had been good and there had not been any incidence of work stoppages or labour disputes that affected our operations.

Save for CPF contributions, we have not set aside or accrued any amounts to provide for pension, retirement or similar benefits for any of our employees.

REMUNERATION OF DIRECTORS, EXECUTIVE OFFICERS AND RELATED EMPLOYEES

Directors and Executive Officers

The compensation paid to our Directors and Executive Officers (which includes director's fees, allowances, bonuses and CPF contributions) for services rendered to us on an aggregate basis and in remuneration bands of S\$250,000⁽¹⁾ during FY2016 and FY2017 (being the two most recent completed financial years) and as estimated for FY2018, excluding bonuses under any profit-sharing plan or any other profit-linked agreement(s), is as follows:

Names	FY2016	FY2017	FY2018 (estimated) ⁽²⁾
<i>Directors</i>			
Ng Lip Chi, Lawrence	–	–	Band A
Sim Hock Heng	Band A	Band A	Band A
Kew Boon Kee	Band A	Band A	Band A
Pek Kian Boon	Band A	Band A	Band A
Lee Tien Chiat	Band A	Band A	Band A
Chan Hock Leong	–	–	Band A
Elaine Beh Pur-Lin	–	–	Band A
<i>Executive Officers</i>			
Shoo Sook Fun	Band A	Band A	Band A
Toh Chiew Khim	–	Band A	Band A

Notes:

(1) Band A: Compensation from S\$0 to S\$250,000 per annum.

(2) The estimated amount of remuneration payable in FY2018 excludes any bonus, director's fee or profit sharing (if any).

Related Employees

Pek Kian Boon (our Executive Director) and Shoo Sook Fun (our General Manager – Corporate Services) are husband and wife. Save as aforesaid, as at the Latest Practicable Date, none of our full-time employees were related to our Directors or Substantial Shareholders.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

The remuneration of employees who are related to our Directors or Substantial Shareholders will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any remuneration, bonuses, pay increases and/or promotions for these related employees will also be subject to the review and approval of our Remuneration Committee. In addition, any new employment of related employees and the proposed terms of their employment will be subject to the review and approval of our Remuneration Committee. In the event that a member of our Remuneration Committee is related to the employee under review, he will abstain from the review.

SERVICE AGREEMENTS

Our Company has entered into a Service Agreement with each of Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat (the “**Appointees**”). Each of the Service Agreements is valid for an initial period of three years with effect from the date of admission of our Company to Catalist. Upon the expiry of the initial period of three years, the employment of each Appointee 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 Appointee’s last drawn monthly salary. Our Group may also terminate the employment of an Appointee at any time without notice or payment in lieu of notice under the following circumstances:

- (i) if the Appointee is guilty of any gross default or grave misconduct in connection with or affecting the business of our Group;
- (ii) in the event of any serious or repeated breach or non-observance by the Appointee of any of the stipulations contained in the Service Agreement;
- (iii) if the Appointee becomes bankrupt or makes any composition or enters into any deed of arrangement with his creditors;
- (iv) if the Appointee shall become of unsound mind; or
- (v) if the Appointee commits any act of criminal breach of trust or dishonesty.

Pursuant to the terms of their respective Service Agreements, each of Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat is entitled to a monthly salary of S\$20,000 and an annual fixed bonus of two months’ salary. Each of them will be provided with a motor vehicle and entitled to reimbursement for all reasonably incurred expenses in connection with the use of the motor vehicle such as petrol, parking charges and toll charges. All reasonable travelling, hotel and other expenses incurred by the Appointees in connection with our business will also be borne by us.

Each Appointee is also entitled to receive an annual incentive bonus based on the audited PBT of our Group, provided that the Appointee is under the employment of our Group on the last day of the relevant financial year. For this purpose, “**PBT**” shall refer to the audited consolidated profit before income tax, excluding non-controlling interests and any exceptional or extraordinary items, of our Group.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

The amount of incentive bonus for each Appointee will be determined as follows:

PBT	Amount of incentive bonus
Where the PBT does not exceed S\$3.0 million	2.0% of the PBT
Where the PBT exceeds S\$3.0 million but does not exceed S\$5.0 million	2.0% of S\$3.0 million, plus 3.0% of the PBT in excess of S\$3.0 million
Where the PBT exceeds S\$5.0 million but does not exceed S\$7.0 million	2.0% of S\$3.0 million, plus 3.0% of S\$2.0 million, plus 4.0% of the PBT in excess of S\$5.0 million
Where the PBT exceeds S\$7.0 million but does not exceed S\$10.0 million	2.0% of S\$3.0 million, plus 3.0% of S\$2.0 million, plus 4.0% of S\$2.0 million, plus 5.0% of the PBT in excess of S\$7.0 million
Where the PBT exceeds S\$10.0 million	2.0% of S\$3.0 million, plus 3.0% of S\$2.0 million, plus 4.0% of S\$2.0 million, plus 5.0% of S\$3.0 million, plus 5.5% of the PBT in excess of S\$10.0 million

Under the Service Agreements, the salary of each Appointee is subject to annual review by our Remuneration Committee after the financial statements of our Group for the immediate preceding financial year have been audited. The Appointee shall abstain from voting in respect of any resolution or decision to be made by our Board in relation to the terms and renewal of his Service Agreement.

Under the Service Agreements, each of the Appointees shall devote his whole time and attention to the business of our Group and shall not without the prior written consent of our Board engage in any other business which is wholly or partly in competition with any business carried on by our Group or be interested in any other business of a similar nature to or competitive with that carried on by our Group or which is a supplier or customer of our Group, provided that he is not prohibited from being interested in the securities of any company which are quoted on any recognised stock exchange so long as such interest does not extend to 5% or more of the total amount of securities of the same class in each corporation.

In addition, each of the Appointees has covenanted not to, directly or indirectly, seek to do business with any person, firm or company who has done business with us, or entice away any person who has been employed by us, or persuade any potential customer or client not to deal with or engage us, in connection with the carrying on of any business similar to or in competition with our business for 12 months after ceasing to be employed under his Service Agreement. Each Appointee has also covenanted not to, directly or indirectly, carry on any activity or business in competition with us within Singapore or any country in which we have operations or carried on business, for 12 months after ceasing to be employed under his Service Agreement.

Had the Service Agreements been in existence since the beginning of FY2016, the aggregate remuneration paid to the Appointees would have been approximately S\$1.9 million instead of S\$0.6 million and our PBT and PAT would have been approximately S\$5.9 million (instead of S\$7.2 million) and S\$4.9 million (instead of S\$5.9 million), respectively.

Save as disclosed above, there are no existing or proposed service agreements between our Company or our subsidiaries and any of our Directors. There are no existing or proposed service agreements entered or to be entered into by our Directors with our Company or our subsidiaries which provide for benefits upon termination of employment.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

CORPORATE GOVERNANCE

Our Directors recognise the importance of corporate governance and the offering of high standards of accountability to our Shareholders. Accordingly, we intend to follow the guidelines as set out in the Code of Corporate Governance 2012 (the “**Code**”). Our Board of Directors has formed three committees: (a) the Audit Committee, (b) the Remuneration Committee, and (c) the Nominating Committee.

Our Independent Directors do not have any existing business or professional relationships of a material nature with our Group, other Directors or Substantial Shareholders. They are also not related to other Directors or Substantial Shareholders.

Audit Committee

Our Audit Committee comprises Chan Hock Leong (Independent Director), Ng Lip Chi, Lawrence (Non-Executive Chairman and Independent Director) and Elaine Beh Pur-Lin (Independent Director). The Chairman of our Audit Committee is Chan Hock Leong.

Our Audit Committee will assist our Directors in discharging their responsibility to safeguard our assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment within our Group.

Our Audit Committee will provide a channel of communication between our Board of Directors, our management and our auditors on matters relating to audit.

Our Audit Committee shall meet periodically to perform the following functions:

- (a) review the audit plans and scope of work of our external auditors and internal auditors, the results of our external and internal auditors’ review and evaluation of our system of internal controls, and their management letters on the internal controls and our management’s response, and monitor our implementation of the internal control recommendations made by our external and internal auditors;
- (b) review and report to our Board of Directors at least annually the adequacy and effectiveness of our Group’s risk management systems and internal controls, including financial, operational, compliance and information technology controls (such review to be carried out internally or with the assistance of any competent third parties) and discuss issues and concerns, if any, prior to the incorporation of our Board’s comments in our annual report;
- (c) review the effectiveness of our Group’s internal audit function;
- (d) review the interim financial results and annual consolidated financial statements and our external auditors’ report on the annual consolidated financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies and practices, significant financial reporting issues and judgements, compliance with Singapore financial reporting standards as well as compliance with the Catalist Rules and other statutory or regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of management to ensure the integrity of the financial statements of our Group and any announcements relating to our financial performance, where necessary, before submission to our Board of Directors for approval;

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

- (e) review and discuss with our external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position and our management's response;
- (f) review and ensure the co-ordination among our internal auditors, external auditors and our management, including assistance given by our management to the auditors;
- (g) consider the independence and objectivity of the external auditors, taking into account the non-audit services provided by the external auditors and the fees paid for such non-audit services, if any;
- (h) review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules, and approve interested person transactions where the value thereof amount to 3% or more of the latest audited NTA of our Group (either individually or as part of a series or are aggregated with other transactions involving the same interested person during the same financial year), or any agreement or arrangement with an interested person that is not in the ordinary course of business of our Group, prior to our Group's entry into the transaction, agreement or arrangement;
- (i) make recommendations to our Board of Directors on the proposals to our Shareholders with regard to the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;
- (j) review and approve our Group's transfer pricing policy and foreign exchange hedging policy (if any), and conduct periodic reviews of the transfer pricing policy and foreign exchange hedging policy, together with the foreign exchange transactions and hedging activities undertaken by our Group;
- (k) review our Group's compliance with such functions and duties as may be required under the relevant statutes or the Catalist Rules, including such amendments made thereto from time to time;
- (l) review any potential conflicts of interest and set out a framework to resolve or mitigate such potential conflicts of interest;
- (m) establish and review the policy and arrangements by which employees of our Group or any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation of such concerns and appropriate follow-up actions in relation thereto;
- (n) undertake such other reviews and projects as may be requested by our Board of Directors, and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee; and
- (o) undertake generally such other functions and duties as may be required by law or the Catalist Rules, and by such amendments made thereto from time to time.

Apart from the duties listed above, the Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation of the jurisdictions in which our

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Group operates which has or is likely to have a material impact on our Group's operating results and/or financial position. Each member of the Audit Committee shall abstain from reviewing and deliberating on any transactions or voting on any resolutions in respect of matters in which he is interested.

Our Audit Committee shall meet, at a minimum, twice a year. Prior to the Invitation, our Company had engaged internal auditors to perform the review and test of controls of our Group's processes. Our Audit Committee shall also commission an annual internal control audit until such time as our Audit Committee is satisfied that our Group's internal controls are robust and effective enough to mitigate our Group's internal control weaknesses (if any). Prior to the decommissioning of such annual audit, our Board is required to report to the SGX-ST and the Sponsor on how the key internal control weaknesses have been rectified, and the basis for the decision to decommission the annual internal control audit. Thereafter, such audits may be initiated by our Audit Committee as and when it deems fit to satisfy itself that our Group's internal controls remain robust and effective. Upon completion of the internal control audit, appropriate disclosure will be made via SGXNET of any material, price-sensitive internal control weaknesses and any follow-up actions to be taken by our Board.

Our Board of Directors noted that no material control weakness has been raised by the internal auditors in the course of its internal audit. Our Board of Directors also noted that no material internal control weakness has been raised by our Independent Auditors and Reporting Accountants in the course of their audit of our Group's financial statements for the last three financial years ended 31 March 2014, 31 March 2015 and 31 March 2016 and the nine-month period ended 31 December 2016.

Based on the internal controls established and maintained by our Group, work performed by the internal and external auditors, and reviews performed by management, our Board of Directors, after making all reasonable enquiries and to the best of its knowledge and belief, with the concurrence of our Audit Committee, is of the opinion that the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, of our Group are adequate and effective as at the Latest Practicable Date.

Chief Financial Officer

Our Audit Committee, after having:

- (a) conducted an interview with Toh Chiew Khim;
- (b) considered the qualifications and past working experience of Toh Chiew Khim (as described in the "Directors, Executive Officers and Staff – Executive Officers" section of this Offer Document);
- (c) observed Toh Chiew Khim's abilities, familiarity, diligence and competency in relation to the financial matters and information of our Group; and
- (d) noted the absence of negative feedback on Toh Chiew Khim from our Group's Independent Auditors and Reporting Accountants,

is of the view that Toh Chiew Khim is suitable for the position of Chief Financial Officer of our Group and that she will be able to discharge her duties satisfactorily.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

Our Audit Committee confirms that, after making all reasonable enquiries, and to the best of its knowledge and belief, nothing has come to its attention to cause it to believe that Toh Chiew Khim does not have the competence, character and integrity expected of a chief financial officer of a listed issuer.

Remuneration Committee

Our Remuneration Committee comprises Ng Lip Chi, Lawrence (Non-Executive Chairman and Independent Director), Chan Hock Leong (Independent Director) and Elaine Beh Pur-Lin (Independent Director). The Chairman of the Remuneration Committee is Ng Lip Chi, Lawrence.

Our Remuneration Committee will review and recommend to our Board of Directors a general framework of remuneration for our Directors and Executive Officers as well as review and recommend to our Board of Directors the specific remuneration packages for each Executive Director and Executive Officer. The recommendations of our Remuneration Committee will be submitted for endorsement by our Board of Directors. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits-in-kind shall be covered by our Remuneration Committee. Each member of the Remuneration Committee shall abstain from deliberating and voting on any resolution in respect of his remuneration package or that of any employees who are related to him. The remuneration, bonuses, pay increase and/or promotions of employees who are related to our Directors or Substantial Shareholders will also be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.

Our Remuneration Committee will also review our obligations arising in the event of termination of service contracts entered into between our Group and our Executive Directors or Executive Officers, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly generous. Our Remuneration Committee shall aim to be fair and avoid rewarding poor performance. Each member of our Remuneration Committee shall abstain from voting on any resolutions in respect of his own remuneration package.

If necessary, our Remuneration Committee shall seek expert advice within and/or outside our Company on remuneration matters. Our Remuneration Committee shall ensure that existing relationships, if any, between our Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. Our Remuneration Committee will also perform an annual review of the remuneration packages in order to maintain their attractiveness to retain and motivate our Directors and Executive Officers, and to align the interests of our Directors and Executive Officers with the long-term interests of our Company.

Nominating Committee

Our Nominating Committee comprises Elaine Beh Pur-Lin (Independent Director), Ng Lip Chi, Lawrence (Non-Executive Chairman and Independent Director), Chan Hock Leong (Independent Director) and Sim Hock Heng (Chief Executive Officer). The Chairman of the Nominating Committee is Elaine Beh Pur-Lin.

Our Nominating Committee shall meet periodically to perform the following functions:

- (a) develop and maintain a formal and transparent process and make recommendations to our Board on the selection, nomination and appointment of Directors (including the appointment of alternate Directors, if any) and Executive Officers, and recommend to our Board re-nominations of existing Directors for re-election in accordance with our Constitution, taking into account the Director's competencies, commitment, contribution and performance;

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

- (b) review Board succession plans for our Directors, in particular, for our Non-Executive Chairman and Chief Executive Officer;
- (c) review and approve any new employment of persons related to our Directors and/or Substantial Shareholders and the proposed terms of their employment;
- (d) determine on an annual basis, and as and when circumstances require, whether or not a Director is independent having regard to the Code and any other salient factors;
- (e) in respect of a Director who has multiple board representations on various companies, if any, to review and decide, on an annual basis (or more frequently as our Nominating Committee deems fit), whether such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;
- (f) review training and professional development programmes for our Board; and
- (g) decide whether a Director of our Company is able to and has been adequately carrying out his duties as a Director.

In addition, our Nominating Committee will decide how the performance of our Board and Board committees is to be evaluated and propose for the approval of our Board objective performance criteria which allow for comparison with our industry peers (if available) and address how our Board has enhanced long-term shareholders' value. Our Board will also implement a process to be carried out by our Nominating Committee for assessing the effectiveness of our Board as a whole and our Board committees and for assessing the contribution by each individual Director to the effectiveness of our Board. Our Chairman will act on the results of the performance evaluation, and in consultation with our Nominating Committee, propose, where appropriate, new members to be appointed to our Board or seek the resignation of Directors.

Each member of our Nominating Committee shall abstain from deliberating and voting on resolutions in respect of the assessment of his performance or independence or re-nomination as a Director of our Company. In the event that any member of our Nominating Committee has an interest in a matter being deliberated upon by our Nominating Committee, he will abstain from participating in the review and approval process relating to that matter.

Term of Office

Our Constitution provides that our Board of Directors will consist of not fewer than two Directors. None of our Directors is appointed for any fixed terms.

Our Directors are appointed by our Shareholders at general meeting, and an election of Directors takes place annually. One-third (or the number nearest one-third) of our Directors are required to retire from office at each annual general meeting. Every Director must retire from office at least once every three years. However, a retiring Director is eligible for re-election at the meeting at which he retires.

INTERESTED PERSON TRANSACTIONS

OVERVIEW

In general, transactions between our Group and any of our interested persons, namely, our Directors, Controlling Shareholders and their respective Associates (each, an “**Interested Person**”) would constitute interested person transactions for the purposes of Chapter 9 of the Catalist Rules.

Save as disclosed under the “General Information on our Group – Restructuring Exercise” section of this Offer Document and below, there was no interested person transaction which is considered material in itself within the last three financial years and for the period from 1 April 2016 to the Latest Practicable Date (the “**Relevant Period**”).

In line with the rules set out in Chapter 9 of the Catalist Rules, transactions of value below S\$100,000 will not be considered material in the context of the Invitation, and may not be disclosed below or taken into account for the purposes of aggregation for disclosure.

PAST INTERESTED PERSON TRANSACTIONS

Guarantees provided by our Executive Directors

The joint and several personal guarantees previously provided by our Executive Directors, Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat, during the Relevant Period to secure the credit facilities extended to Sanli Engineering are listed below:

Financial institution	Approximate amount of facilities secured by guarantee (S\$'million)	Largest amount guaranteed during the Relevant Period (S\$'million)
ORIX Leasing Singapore Limited	1.0	0.8
ETHOZ Capital Ltd	0.4	0.2
ETHOZ Capital Ltd	0.3	0.3
United Overseas Bank Limited	1.4	—
United Overseas Bank Limited	0.2	—

As at the Latest Practicable Date, the above facilities had been fully settled and the personal guarantees provided by our Executive Directors had been discharged. We do not intend to enter into such transactions following our listing on Catalist.

As no fee, commission, interest or benefit-in-kind was paid to our Executive Directors for the provision of the personal guarantees, the above arrangements were not carried out on an arm's length basis nor on normal commercial terms, but were not prejudicial to the interests of our Company and our minority Shareholders.

INTERESTED PERSON TRANSACTIONS

Disposal of TechComm Global to our Executive Director

TechComm Global is a company incorporated on 6 November 2013 in Singapore. TechComm Global was initially incorporated by Sanli Engineering (70.0%) and an unrelated third party (30.0%) to develop an enhanced waste management technology for industrial use. It had been dormant since March 2016 and had been struck off.

As our Group decided not to pursue the business venture intended to be undertaken by TechComm Global and to apply for TechComm Global to be struck off, Sanli Engineering disposed of its entire interest, comprising 175,000 ordinary shares, in TechComm Global to our Executive Director, Lee Tien Chiat, for a nominal consideration of S\$1 in October 2016. The consideration was based on the zero net asset value of TechComm Global as at the date of transfer.

The aforesaid transfer of shares was carried out on an arm's length basis and on normal commercial terms, and was not prejudicial to the interests of our Company and our minority Shareholders.

Transactions with TechComm Global

Immediately prior to the striking off of TechComm Global, our Executive Director, Lee Tien Chiat, held 70.0% of its issued share capital, and it was thus an Associate of Lee Tien Chiat.

The following transactions were entered into between our Group and TechComm Global during the Relevant Period:

(a) Advances to TechComm Global by our Group

Whilst it was a shareholder of TechComm Global, Sanli Engineering had granted advances of S\$70,000 in FY2015 and S\$90,000 in FY2016 to TechComm Global for its working capital. The outstanding amount was waived and written off prior to the application for the striking off of TechComm Global in November 2016.

The advances granted were interest-free and unsecured and had no fixed term for repayment, and were thus not granted on an arm's length basis nor on normal commercial terms. As the advances were granted when TechComm Global was a subsidiary of Sanli Engineering, they were not prejudicial to the interests of our Company and our minority Shareholders.

(b) Assignment of intellectual property rights from TechComm Global to our Group

Prior to the application for the striking off of TechComm Global in November 2016, the intellectual property rights registered in the name of TechComm Global were assigned by TechComm Global to our Group for a nominal consideration of S\$1. Please refer to the "Business – Intellectual Property" section of this Offer Document for further information on the intellectual property rights.

The assignment was not carried out on an arm's length basis nor on normal commercial terms, but was not prejudicial to the interests of our Company and our minority Shareholders.

As TechComm Global had been struck off, we will not be entering into any of the above transactions with TechComm Global after our listing on Catalist.

INTERESTED PERSON TRANSACTIONS

PRESENT AND ON-GOING INTERESTED PERSON TRANSACTIONS

Securities provided by our Executive Directors

The securities provided by our Executive Directors as at the Latest Practicable Date to secure the facilities extended to Sanli Engineering are listed below:

Financial institution	Securities provided by	Amount of facilities secured (\$'million)	Approximate amount of facilities outstanding as at the Latest Practicable Date (\$'million)	Largest amount of facilities outstanding during the Relevant Period (\$'million)
Standard Chartered Bank	Guarantee by Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat Charge over cash deposits, credit balances and securities by Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat	2.2	–	1.6
Malayan Banking Berhad	Guarantee by Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat	10.4	3.1	8.8
United Overseas Bank Limited	Guarantee by Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat	3.0	3.0	3.0
ETHOZ Capital Ltd	Guarantee by Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat	1.0	0.1	1.0
ORIX Leasing Singapore Limited	Guarantee by Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat	2.0	0.3	1.9
United Overseas Bank Limited	Guarantee by Sim Hock Heng	0.1	0.1	0.1
United Overseas Bank Limited	Guarantee by Kew Boon Kee	0.1	0.1	0.1
United Overseas Bank Limited	Guarantee by Pek Kian Boon	0.1	0.1	0.1
United Overseas Bank Limited	Guarantee by Lee Tien Chiat	0.1	0.1	0.1

INTERESTED PERSON TRANSACTIONS

Please refer to the “Capitalisation and Indebtedness” section of this Offer Document for information on the interest rates applicable to the facilities.

As no fee, commission, interest or benefit-in-kind was paid to our Executive Directors for the provision of the securities, the above arrangements were not carried out on an arm’s length basis nor on normal commercial terms, but were beneficial to our Group and not prejudicial to the interests of our Company and our minority Shareholders.

After our listing on Catalist, we intend to obtain the release of the above securities provided by our Executive Directors from the respective financial institutions and replace them with corporate guarantees provided by our Company. Each of our Executive Directors has undertaken that, in the event that we are unable to procure such release, or should there be any material unfavourable revision in the terms and conditions of the facilities following the proposed release or our Group is unable to secure alternative facilities which do not require the provision of any security by our Executive Directors on similar terms and conditions or on terms acceptable to our Group, they will continue to provide the respective securities. No fee, commission, interest or benefit-in-kind will be payable by our Group for the aforesaid provision of securities.

Indemnities provided by our Executive Directors

Our Executive Directors have provided indemnities for the benefit of our Group as set out below:

(a) Security bonds issued to MOM

We are required to furnish to MOM a security bond of S\$5,000 for each foreign personnel we employ. Our Group has obtained security bond guarantees from certain insurers in lieu of the security bonds. Each of our Executive Directors has in turn provided indemnities to the insurers in respect of any amounts claimed under the security bond guarantees.

The indemnities provided by our Executive Directors in connection with the security bond guarantees are as follows:

(S\$’million)	As at 31 March 2014	As at 31 March 2015	As at 31 March 2016	As at the Latest Practicable Date
Aggregate indemnity in connection with the security bond guarantees	0.4	1.1	1.2	1.3

Based on the number of foreign personnel employed by our Group as at the end of each month during the Relevant Period, the largest indemnity amount during the Relevant Period was approximately S\$1.3 million.

(b) Performance bonds issued to customers

Under the terms of our contracts with customers, we may be required to furnish performance bonds, whether in lieu of payment of a security deposit or otherwise, in favour of our customers to secure our performance of the contracts. Our Group has obtained performance bonds from certain insurers and each of our Executive Directors has in turn provided indemnities to the insurers in respect of any amounts claimed under the performance bonds.

INTERESTED PERSON TRANSACTIONS

The indemnities provided by our Executive Directors in connection with the performance bonds are as follows:

(S\$'million)	As at 31 March 2014	As at 31 March 2015	As at 31 March 2016	As at the Latest Practicable Date
Aggregate indemnity in connection with the performance bonds	0.4	1.9	3.5	7.3

The largest aggregate indemnity amount during the Relevant Period, based on month-end balances, was approximately S\$7.8 million.

As no fee, commission, interest or benefit-in-kind was paid to our Executive Directors for the provision of the indemnities, the above arrangements were not carried out on an arm's length basis nor on normal commercial terms, but were beneficial to our Group and not prejudicial to the interests of our Company and our minority Shareholders.

After our listing on Catalist, we intend to request the discharge of the abovementioned indemnities provided by our Executive Directors and replace them with indemnities provided by our Company. Each of our Executive Directors has undertaken that, in the event that any insurer does not agree to the substitution, or should there be any material unfavourable revision in the terms and conditions of their contracts with our Group or our Group is otherwise unable to appoint other insurers which do not require the provision of any security by our Executive Directors on similar terms and conditions or on terms acceptable to our Group, they will continue to provide the relevant indemnities until such time we are able to secure suitable alternatives on terms and conditions that are acceptable to our Group. No fee, commission, interest or benefit-in-kind will be payable by our Group for the aforesaid provision of indemnities.

REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

To ensure that future transactions with Interested Persons are not prejudicial to the interests of our Company and our minority Shareholders, and are undertaken on an arm's length basis and on normal commercial terms which are generally no more favourable than those extended to unrelated third parties, the following procedures will be implemented by our Group.

In relation to any purchase of equipment and/or materials or procurement of services from Interested Persons above S\$100,000, quotations from at least two unrelated third parties in respect of the same or substantially similar type of transactions are to be used as bases for comparison wherever possible. The purchase price or fee shall not be higher than the most competitive price or fee of the two quotations from the two unrelated third parties. In determining the most competitive price or fee, we will take into account all pertinent factors, including but not limited to, the suitability, credit terms, delivery time, quality and cost of the equipment and/or materials or service and the experience and expertise of the supplier.

In relation to any sale of products or provision of services to Interested Persons above S\$100,000, the price, fee, profit margin and terms of at least two other completed transactions of the same or substantially similar type of transactions with unrelated third parties are to be used as bases for comparison wherever possible. The Interested Persons shall not be charged at rates more favourable than those charged to the unrelated third parties, taking into account all pertinent factors, including but not limited to customer requirements and creditworthiness.

INTERESTED PERSON TRANSACTIONS

When leasing properties from or to an Interested Person, appropriate steps shall be taken to ensure that the rent is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties, obtaining suitable reports or reviews published by property agents, and obtaining independent valuation reports by property valuers, where appropriate. The rent payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant enquiries or the reports.

Any contracts to be made with an Interested Person shall not be approved unless the pricing is determined in accordance with our usual business practices and policies, consistent with the usual margin given or price received by our Group for the same or substantially similar type of transactions between our Group and unrelated third parties and the terms are no more favourable than those extended to unrelated third parties or no less favourable than those received from unrelated third parties.

In the event that it is not possible to compare against the terms of other transactions with unrelated third parties, the matter will be referred to our Audit Committee and our Audit Committee will determine whether the price, fee and/or terms are in accordance with our usual business practices and policies and whether the transaction is carried out at arm's length and on normal commercial terms.

We shall monitor all interested person transactions entered into by our Group by categorising the transactions as follows:

- (a) all interested person transactions above S\$100,000 but below 3% of the latest audited NTA of our Group (either individually or as part of a series or are aggregated with other transactions involving the same Interested Person during the same financial year) shall be approved by our Chief Financial Officer or a Director prior to entry. The Chief Financial Officer and the Director shall be persons who have no interest, directly or indirectly, in the transaction; and
- (b) for interested person transactions where the value thereof amount to 3% or more of the latest audited NTA of our Group, we shall obtain the approval of our Audit Committee prior to entering into the transaction. Where an Audit Committee member has an interest, directly or indirectly, in the transaction, he shall abstain from participating in the review of the transaction.

Before any agreement or arrangement with an Interested Person that is not in the ordinary course of business of our Group is transacted, prior approval must be obtained from our Audit Committee. Any decision to proceed with such an agreement or arrangement would be recorded for review by our Audit Committee. In the event that a member of our Audit Committee is interested in any interested person transaction, he will abstain from deliberating, reviewing and/or approving that transaction.

We shall maintain a register to record all interested person transactions which are entered into by our Group, including any quotations obtained from unrelated third parties to support the price, fee, rental and/or terms of the interested person transaction, and the review and/or approval of our Audit Committee. In addition, we will maintain a register of Interested Persons and ensure that the list is circulated to the Group's employees whenever it is updated.

INTERESTED PERSON TRANSACTIONS

All interested person transactions shall be subject to review by our Audit Committee on a half-yearly basis to ensure that they are carried out at arm's length and in accordance with the procedures outlined above. The finance team will prepare the relevant information to assist our Audit Committee in its review. Furthermore, if during these periodic reviews, our Audit Committee believes that the guidelines and procedures as outlined above are not sufficient to ensure that the interested person transactions will be conducted on normal commercial terms, on an arms' length basis and that the interests of our Company and our minority Shareholders are not prejudiced, our Company will adopt new guidelines and procedures. Our Audit Committee may request for an independent financial adviser's opinion on such guidelines and procedures as it deems fit.

In addition, our Audit Committee will include the review of interested person transactions as part of its standard procedures while examining the adequacy of our internal controls. Our Board will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Catalist Rules and accounting standards, are complied with. Such transactions will also be subject to Shareholders' approval if deemed necessary by the Catalist Rules. In accordance with Rule 919 of the Catalist Rules, Interested Persons and their Associates shall abstain from voting, or acting as proxies unless given specific instructions as to voting by the shareholder(s), on resolutions approving such interested person transactions.

POTENTIAL CONFLICTS OF INTERESTS

INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS OR THEIR ASSOCIATES

None of our Directors, Controlling Shareholders or their respective Associates has any interest, direct or indirect, in any entity carrying on the same business or dealing in similar services as our Group.

INTERESTS OF EXPERTS

None of the experts named in this Offer Document:

- (i) is employed on a contingent basis by our Company or our subsidiaries;
- (ii) has a material interest, whether direct or indirect, in our Shares or in the shares of our subsidiaries; or
- (iii) has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Invitation.

INTERESTS OF THE SPONSOR, ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT

In the reasonable opinion of our Directors, SAC Capital does not have a material relationship with our Company, save as disclosed below and in the “Sponsorship, Management, Underwriting and Placement Arrangements” section of this Offer Document:

- (i) SAC Capital is the Sponsor, Issue Manager, Underwriter and Placement Agent in relation to the Invitation; and
- (ii) SAC Capital will be the continuing sponsor of our Company for a period of at least three years from the date of listing of our Company on Catalist.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on Catalist, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of our Shares through Catalist will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended, modified or supplemented from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and Depository Agents in the Depository Register maintained by CDP, rather than CDP itself, will be treated, under our Constitution and the Companies Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in Securities Accounts with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on Catalist, although they will be prima facie evidence of title and may be transferred in accordance with our Constitution. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of 0.2% of the market price of the Shares withdrawn is also payable where the share certificate is issued in the name of a third party. Persons holding physical share certificates who wish to trade on Catalist must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S\$10.00 is payable upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such charges as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time. Pursuant to announced rules effective from 1 June 2014, transfers and settlements pursuant to on-exchange trades will be charged a fee of S\$30.00 and transfers and settlements pursuant to off-exchange trades will be charged a fee of 0.015% of the value of the transaction, subject to a minimum of S\$75.00.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on Catalist is payable at the rate of 0.0325% of the transaction value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to GST at the prevailing rate of 7% (or such other rate prevailing from time to time).

Dealing in our Shares will be carried out in S\$ and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on Catalist generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a Depository Agent. The Depository Agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON DIRECTORS, EXECUTIVE OFFICERS AND CONTROLLING SHAREHOLDERS

1. None of our Directors, Executive Officers or Controlling Shareholders:

- (a) had at any time during the last ten years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;
- (b) had at any time during the last ten years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
- (c) has any unsatisfied judgement against him;
- (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty, which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
- (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
- (f) had at any time during the last ten years, judgement entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
- (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
- (h) has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
- (i) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity;

GENERAL AND STATUTORY INFORMATION

- (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
 - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or
 - (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,
- in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or
- (k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

SHARE CAPITAL

2. Save as disclosed below, there were no changes in the issued and paid-up capital of our Company and our subsidiaries within the three years preceding the date of lodgement of this Offer Document.

Date of issue	Number of Shares issued	Purpose	Consideration per Share	Resultant issued share capital
Our Company				
27 February 2017	4	Incorporation	S\$1	S\$4
8 May 2017	8,255,348	Settlement of consideration for acquisition of Sanli Engineering	S\$1	S\$8,255,352
25 May 2017	14,401,689	Conversion of the Convertible Loan	S\$0.13887	S\$10,255,352

3. Save as disclosed above and in the “General Information on our Group – Restructuring Exercise” section of this Offer Document, no shares in our Company or our subsidiaries have been issued for a consideration other than cash during the three years preceding the date of lodgement of this Offer Document.

GENERAL AND STATUTORY INFORMATION

MATERIAL CONTRACTS

4. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Company and our subsidiaries within the two years preceding the date of lodgement of this Offer Document and are or may be material:
- (a) the joint venture agreement dated 5 July 2016 entered into between Sanli Engineering and Chye Joo Construction Pte Ltd for the purpose of undertaking a project from PUB;
 - (b) the assignment of intellectual property dated 7 November 2016 entered into between Sanli Engineering and TechComm Global pursuant to which TechComm Global assigned certain intellectual property rights (as set out in the “Business – Intellectual Property” section of this Offer Document) to Sanli Engineering for the nominal consideration of S\$1;
 - (c) the option to purchase dated 2 February 2017 granted by Weng Hock Hardware Pte Ltd and exercised by Sanli Engineering for the purchase of the New Property for S\$4.0 million;
 - (d) the Investment Agreement dated 3 February 2017 entered into between Sanli Engineering and the Pre-IPO Investor pursuant to which the Pre-IPO Investor granted the Convertible Loan of S\$2.0 million to Sanli Engineering; and
 - (e) the Restructuring Agreement dated 8 May 2017 entered into among our Company, Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat for the purpose of the Restructuring Exercise.

LITIGATION

5. There are no legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have or have had during the last 12 months before the date of this Offer Document, a material effect on our Group’s financial position or profitability.

MISCELLANEOUS

6. Save as disclosed under the “General” and “Events After the Reporting Period” sections in Appendix A of this Offer Document, our Directors are not aware of any event which has occurred since 31 December 2016 up to the Latest Practicable Date, which may have a material effect on the financial information provided in the “Independent Auditors’ Report and the Combined Financial Statements for the Years Ended 31 March 2014, 2015 and 2016 and Nine-Month Period Ended 31 December 2016” and the “Independent Auditors’ Report and the Compilation of the Unaudited Pro Forma Combined Financial Information for the Year Ended 31 March 2016 and Nine-Month Period Ended 31 December 2016” as set out in Appendices A and B respectively of this Offer Document.
7. We currently have no intention of changing the auditors of our Company and our subsidiaries after the admission of our Company to Catalist.

GENERAL AND STATUTORY INFORMATION

CONSENTS

8. The Independent Auditors and Reporting Accountants, Deloitte & Touche LLP, have given and have not withdrawn their written consent to the issue of this Offer Document with the inclusion herein of their name and all references thereto and the “Independent Auditors’ Report on the Combined Financial Statements for the Years Ended 31 March 2014, 2015 and 2016 and Nine-Month Period Ended 31 December 2016” and the “Independent Auditors’ Report on the Compilation of the Unaudited Pro Forma Combined Financial Information for the Year Ended 31 March 2016 and Nine-Month Period Ended 31 December 2016” in the form and context in which they appear in this Offer Document and to act in such capacity in relation to this Offer Document.
9. The Sponsor, Issue Manager, Underwriter and Placement Agent, SAC Capital Private Limited, has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its name and all references thereto in the form and context in which they appear in this Offer Document and to act in such capacities in relation to this Offer Document.
10. Each of the Solicitors to the Invitation, the Legal Advisers to the Company on Malaysian Law, the Share Registrar, the Receiving Bank and the Principal Bankers does not make or purport to make any statement in this Offer Document and is not aware of any statement in this Offer Document which purports to be based on a statement made by it and each of them makes no representation regarding any statement in this Offer Document and, to the extent permitted by law, expressly disclaims and takes no responsibility for any statement in or omission from this Offer Document.

DOCUMENTS AVAILABLE FOR INSPECTION

11. Copies of the following documents may be inspected at the registered address of the Company during normal business hours for a period of six months from the date of registration by the SGX-ST, acting as agent on behalf of the Authority, of this Offer Document:
 - (a) the Constitution of our Company;
 - (b) the “Independent Auditors’ Report and the Combined Financial Statements for the Years Ended 31 March 2014, 2015 and 2016 and Nine-Month Period Ended 31 December 2016” as set out in Appendix A of this Offer Document;
 - (c) the “Independent Auditors’ Report and the Compilation of the Unaudited Pro Forma Combined Financial Information for the Year Ended 31 March 2016 and Nine-Month Period Ended 31 December 2016” as set out in Appendix B of this Offer Document;
 - (d) the material contracts referred to in paragraph 4 above;
 - (e) the letters of consent referred to in paragraphs 8 and 9 above; and
 - (f) the Service Agreements.

GENERAL AND STATUTORY INFORMATION

RESPONSIBILITY STATEMENT BY DIRECTORS OF OUR COMPANY

12. This Offer Document has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Offer Document and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Offer Document constitutes full and true disclosure of all material facts about the Invitation and our Group, and our Directors are not aware of any facts the omission of which would make any statement in this Offer Document misleading. Where information in this Offer Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from these sources and/or reproduced in this Offer Document in its proper form and context.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016 AND NINE-MONTH PERIOD
ENDED 31 DECEMBER 2016

30 May 2017

The Board of Directors
Sanli Environmental Limited
15 Kian Teck Drive
Singapore 628832

Dear Sirs

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 (collectively referred to as the "Group"), which comprise the combined statements of financial position of the Group as at 31 March 2014, 2015 and 2016 and 31 December 2016, and the combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the respective years ended 31 March 2014, 2015 and 2016 and nine-month period ended 31 December 2016 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information, as set out on pages A-4 to A-50.

In our opinion, the combined financial statements of the Group are properly drawn up in accordance with the Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the combined financial position of the Group as at 31 March 2014, 2015 and 2016 and 31 December 2016 and the combined financial performance, changes in equity and cash flows of the Group for the Relevant Periods.

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.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016 AND NINE-MONTH PERIOD
ENDED 31 DECEMBER 2016

Responsibilities of Management and Directors for the Combined Financial Statements

Management is responsible for the preparation of these combined financial statements that give a true and fair view in accordance with the FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide 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 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.

Auditors' Responsibility 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 combined 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.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

INDEPENDENT AUDITORS' REPORT ON THE COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016 AND NINE-MONTH PERIOD
ENDED 31 DECEMBER 2016

- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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.

Other Matters

We have not carried out an audit or review in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements on the financial information for the nine-month period ended 31 December 2015 included as comparatives in the combined financial statements for the nine-month period ended 31 December 2016 and, accordingly, we do not express any assurance on the comparative financial information. The financial information for the nine-month period ended 31 December 2015 is the responsibility of management.

Restriction on Distribution and Use

This report has been prepared solely to you for inclusion in the offer document in connection with the proposed listing of Sanli Environmental Limited on the Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited and for no other purpose.

Yours faithfully

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Toh Yew Kuan Jeremy
Partner

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF FINANCIAL POSITION

As at 31 March 2014, 2015 and 2016 and 31 December 2016

	Note	31 December 2016 \$'000	31 March 2016 \$'000	31 March 2015 \$'000	31 March 2014 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	6	10,435	6,624	4,235	3,334
Trade and other receivables	7	6,083	7,011	3,378	4,188
Contract work-in-progress in excess of billings	8	8,102	8,218	8,359	2,390
Available-for-sale investments	10	257	–	–	–
Total current assets		24,877	21,853	15,972	9,912
Non-current assets					
Property, plant and equipment	9	5,465	5,747	5,051	5,212
Available-for-sale investments	10	267	524	–	–
Total non-current assets		5,732	6,271	5,051	5,212
Total assets		30,609	28,124	21,023	15,124
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	11	1,229	2,847	1,548	1,730
Trade and other payables	12	15,126	8,020	8,748	4,038
Billings in excess of contract work-in-progress	8	494	–	–	756
Finance leases	13	87	87	–	–
Income tax payable		2,179	1,770	800	315
Total current liabilities		19,115	12,724	11,096	6,839
Non-current liabilities					
Borrowings	11	2,950	3,730	3,494	4,063
Finance leases	13	289	355	–	–
Total non-current liabilities		3,239	4,085	3,494	4,063
Capital and reserves					
Share capital	14	1,500	1,500	1,500	1,500
Translation reserves		(31)	(16)	–	–
Retained earnings		6,786	9,873	4,931	2,667
Equity attributable to owners of the Company		8,255	11,357	6,431	4,167
Non-controlling interests		–	(42)	2	55
Total equity		8,255	11,315	6,433	4,222
Total liabilities and equity		30,609	28,124	21,023	15,124

See accompanying notes to financial statements.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Years ended 31 March 2014, 2015 and 2016 and nine-month periods ended 31 December
2015 and 2016

	Note	Nine-month period ended 31 December 2016 \$'000	Nine-month period ended 31 December 2015 \$'000 (Unaudited)	Year ended 31 March 2016 \$'000	Year ended 31 March 2015 \$'000	Year ended 31 March 2014 \$'000
Revenue	15	50,401	42,598	57,264	37,345	19,407
Cost of contract works		(41,404)	(34,044)	(46,016)	(30,960)	(15,403)
Gross profit		8,997	8,554	11,248	6,385	4,004
Other income	16	161	95	172	94	42
Administrative expenses		(2,524)	(2,506)	(3,512)	(2,253)	(1,628)
Other operating expenses		(471)	(289)	(551)	(393)	(298)
Finance costs	17	(190)	(112)	(172)	(109)	(71)
Profit before tax		5,973	5,742	7,185	3,724	2,049
Income tax	18	(1,018)	(1,096)	(1,287)	(513)	(301)
Profit for the periods/years	19	4,955	4,646	5,898	3,211	1,748
Other comprehensive income						
Item that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of a foreign operation		(15)	(27)	(16)	—	—
Total comprehensive income for the periods/years		4,940	4,619	5,882	3,211	1,748
Profit for the periods/years attributable to:						
Owners of the Company		4,913	4,684	5,942	3,264	1,768
Non-controlling interests		42	(38)	(44)	(53)	(20)
		4,955	4,646	5,898	3,211	1,748
Total comprehensive income for the periods/years attributable to:						
Owners of the Company		4,898	4,657	5,926	3,264	1,768
Non-controlling interests		42	(38)	(44)	(53)	(20)
		4,940	4,619	5,882	3,211	1,748
Earnings per share ("EPS"):						
Basic and diluted (cents)	20	2.27	2.16	2.74	1.51	0.82

See accompanying notes to financial statements.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED
31 MARCH 2014, 2015 AND 2016 AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CHANGES IN EQUITY

Years ended 31 March 2014, 2015 and 2016 and nine-month period ended 31 December 2016

	Share capital \$'000	Translation reserves \$'000	Retained earnings \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interest \$'000	Total \$'000
Balance at 1 April 2013	1,000	–	1,799	2,799	–	2,799
Profit for the year, representing total comprehensive income for the year	–	–	1,768	1,768	(20)	1,748
Transaction with owners, recognised directly in equity	–	–	–	–	75	75
Incorporation of a subsidiary	500	–	(500)	–	–	–
Issue of shares (Note 14)	–	–	(400)	(400)	–	(400)
Dividends (Note 21)	–	–	–	–	–	–
Balance at 31 March 2014	1,500	–	2,667	4,167	55	4,222
Profit for the year, representing total comprehensive income for the year	–	–	3,264	3,264	(53)	3,211
Transaction with owners, recognised directly in equity	–	–	(1,000)	(1,000)	–	(1,000)
Dividends (Note 21)	–	–	–	–	–	–
Balance at 31 March 2015	1,500	–	4,931	6,431	2	6,433

See accompanying notes to financial statements.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED
31 MARCH 2014, 2015 AND 2016 AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CHANGES IN EQUITY

Years ended 31 March 2014, 2015 and 2016 and nine-month period ended 31 December 2016

	Share Capital \$'000	Translation reserves \$'000	Retained earnings \$'000	Equity attributable to owners of the Company \$'000	Non- controlling interest \$'000	Total \$'000
Balance at 31 March 2015	1,500	–	4,931	6,431	2	6,433
Total comprehensive income for the year	–	–	5,942	5,942	(44)	5,898
Profit for the year	–	(16)	–	(16)	–	(16)
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 21)	–	–	(1,000)	(1,000)	–	(1,000)
Balance at 31 March 2016	1,500	(16)	9,873	11,357	(42)	11,315
Total comprehensive income for the period	–	–	4,913	4,913	42	4,955
Profit for the period	–	(15)	–	(15)	–	(15)
Other comprehensive income for the period	–	(15)	–	(15)	–	(15)
Total	–	(15)	4,913	4,898	42	4,940
Transaction with owners, recognised directly in equity Dividends (Note 21)	–	–	(8,000)	(8,000)	–	(8,000)
Balance at 31 December 2016	1,500	(31)	6,786	8,255	–	8,255

See accompanying notes to financial statements.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

COMBINED STATEMENTS OF CASH FLOWS

Years ended 31 March 2014, 2015 and 2016 and nine-month periods ended 31 December 2015 and 2016

	Nine-month period ended 31 December 2016 \$'000	Nine-month period ended 31 December 2015 \$'000 (Unaudited)	Year ended 31 March 2016 \$'000	Year ended 31 March 2015 \$'000	Year ended 31 March 2014 \$'000
Operating activities					
Profit before tax	5,973	5,742	7,185	3,724	2,049
Adjustments for:					
Depreciation of property, plant and equipment	362	289	414	363	298
Loss on disposal of property, plant and equipment	7	—	11	—	—
Finance costs	190	112	172	109	71
Interest income	(42)	(6)	(8)	(3)	(1)
Operating cash flows before movements in working capital	6,490	6,137	7,774	4,193	2,417
Trade and other receivables	928	(2,195)	(3,633)	810	(593)
Trade and other payables	3,091	1,047	(844)	4,510	2,372
Contract work-in-progress in excess of billings	116	(587)	141	(5,969)	(1,646)
Billings in excess of contract work-in-progress	494	—	—	(756)	756
Cash generated from operations	11,119	4,402	3,438	2,788	3,306
Income tax paid	(609)	(125)	(317)	(28)	(41)
Net cash from operating activities	10,510	4,277	3,121	2,760	3,265
Investing activities					
Purchase of property, plant and equipment (Note A)	(87)	(227)	(695)	(202)	(1,158)
Proceeds from disposal of property, plant and equipment	—	—	33	—	—
Incorporation of a subsidiary	—	—	—	—	75
Interest received	42	6	8	3	1
Acquisition of available-for-sale Investments	—	(524)	(524)	—	—
Net cash used in investing activities	(45)	(745)	(1,178)	(199)	(1,082)
Financing activities					
Dividends paid	(4,000)	(200)	(900)	(800)	(400)
Repayment of borrowings	(2,398)	(1,915)	(1,465)	(751)	(413)
Proceeds from borrowings	—	3,000	3,000	—	1,000
Repayment of finance lease Obligations	(66)	(1)	(17)	—	—
Interest paid	(190)	(112)	(172)	(109)	(71)
Net cash (used in) from financing Activities	(6,654)	772	446	(1,660)	116
Net increase in cash and cash equivalents	3,811	4,304	2,389	901	2,299
Cash and cash equivalents at beginning of periods/years	6,624	4,235	4,235	3,334	1,035
Cash and cash equivalents at end of periods/years	10,435	8,539	6,624	4,235	3,334

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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 combined financial statements have been prepared solely in connection with the proposed listing of the Company on Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

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

The principal activities of the subsidiaries are disclosed below.

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 SGX-ST, the Company underwent the following:

(a) Incorporation of the Company

On 27 February 2017, the Company was incorporated in Singapore as an investment holding company with an issued and paid-up share capital of S\$4 comprising four 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 S\$1,500,000 comprising 1,500,000 ordinary shares. Each of Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat held 375,000 shares.

Pursuant to the Restructuring Agreement entered into by the Company, Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat:

(i) the Company acquired 1,500,000 shares, representing the entire issued and paid-up share capital, of Sanli Engineering from Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat for a consideration of S\$8,255,348, which was based on the audited net asset value of Sanli Engineering as at 31 December 2016; and

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

(A) the Company issued 6,086,752 Shares, credited as fully paid at S\$1 per Share, to Typha Holdings, on the direction of Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat; and

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

(B) the Company issued 542,149 Shares, credited as fully paid at S\$1 per Shares, to each of Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat.

Upon the completion of the acquisition of Sanli Engineering on 8 May 2017, the Company had an issued and paid-up share capital of S\$8,255,352, comprising 8,255,352 Shares.

(c) Sub-division of Shares

On 9 May 2017, the Shareholders approved the sub-division of 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 S\$8,255,352 comprising 202,256,124 Shares.

(d) Employee Share transfers

On 11 May 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 S\$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, he will have to transfer such number of Employee Shares at an aggregate nominal consideration of S\$1 back to Typha Holdings as follows:

- (i) if his employment is terminated within one year from the date of listing of the Company on Catalist, all the Employee Shares held by him; and
- (ii) if his employment is terminated within the second year from the date of listing of the Company on Catalist, 50% of the Employee Shares held by him.

Such Employee Shares transferred back to Typha Holdings would be subject to the applicable moratorium undertaking by Typha Holdings.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

(e) Pre-IPO Investor

Pursuant to the Investment Agreement dated 3 February 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 25 May 2017, the Convertible Loan was repaid by Sanli Engineering through the issue of 14,401,689 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 any of the Directors, Controlling Shareholders and their associates or the Sponsor.

Upon the completion of the Restructuring Exercise and up to the date of this report, details of the Company's subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation and operation	Effective equity interest of the Group			
			31 Dec 2016	31 Mar 2016	31 Mar 2015	31 Mar 2014
			%	%	%	%
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	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	100	100
TechComm Global Pte. Ltd. ^(c)	Research and development on environment and clean technologies (dormant in current financial year)	Singapore	—	70	70	70

Notes:

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

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

(c) Disposed during the nine-month period ended 31 December 2016 to a director of the Company.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

Basis of preparation of the combined financial statements

The Group resulting from the above Restructuring Exercise is regarded as a continuing entity throughout the years ended 31 March 2014, 2015 and 2016 and nine-month period ended 31 December 2016 ("Relevant Periods") 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 27 February 2017, the combined financial statements of the Group for the Relevant Periods 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 as at the beginning of the Relevant Periods presented in these combined financial statements.

The combined financial statements of the Group for the Relevant Periods were authorised for issue in accordance with a resolution of the Board of Directors on 30 May 2017.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act 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*.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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 – 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.

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

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.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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.

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.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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.

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

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

Derecognition of financial liabilities

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

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.

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.

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.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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.

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 – 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.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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.

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;

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

- 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.

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.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

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.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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

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

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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.

Critical judgements in applying the entity'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.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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 period/years:

	31 December	31 March	31 March	31 March
	2016	2016	2015	2014
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Loans and receivables (including cash and cash equivalents)	24,067	21,740	15,844	9,850
Available-for-sale investments	524	524	—	—
Financial liabilities				
Amortised cost	19,681	15,039	13,790	9,831

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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

	Assets			
	31 December	31 March	31 March	31 March
	2016	2016	2015	2014
	\$'000	\$'000	\$'000	\$'000
United States dollar	1,091	576	200	12
Japanese Yen	10	10	1,582	—

	Liabilities			
	31 December	31 March	31 March	31 March
	2016	2016	2015	2014
	\$'000	\$'000	\$'000	\$'000
United States dollar	368	275	55	110
Japanese Yen	—	1,471	3,136	—

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.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

If the relevant foreign currencies were to strengthen by 10% against the Singapore dollar, the Group's profit before tax for the period/years will increase (decrease) by the following amounts:

	31 December	31 March	31 March	31 March
	2016	2016	2015	2014
	\$'000	\$'000	\$'000	\$'000
United States dollar	72	30	15	(10)
Japanese Yen	1	(146)	(155)	—

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 period/years would be vice versa.

(ii) Interest rate risk management

The Group is exposed to interest rate risk mainly through its borrowings as disclosed in Note 11.

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 periods and the stipulated change taking place at the beginning of the reporting periods 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 period/years and all other variables were held constant, the impact on the Group's profit before tax would be as follows:

Nine-month period ended	:	decrease/increase by \$16,000
31 December 2016		
Year ended 31 March 2016	:	decrease/increase by \$22,000
Year ended 31 March 2015	:	decrease/increase by \$23,000
Year ended 31 March 2014	:	decrease/increase by \$24,000

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

(iii) Equity price risk management

The Group is 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 concentration of credit risk as the proportion of trade receivables due from its largest debtor are as follows:

31 December 2016	:	95%
31 March 2016	:	76%
31 March 2015	:	89%
31 March 2014	:	69%

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 period/years 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 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.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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 statement 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
31 December 2016						
Non-interest bearing	—	15,126	—	—	—	15,126
Fixed interest rate instruments	2.9	1,075	287	10	(38)	1,334
Variable interest rate instruments	2.2	277	1,108	1,905	(69)	3,221
Total		16,478	1,395	1,915	(107)	19,681
31 March 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
31 March 2015						
Non-interest bearing	—	8,748	—	—	—	8,748
Fixed interest rate instruments	3.3	344	115	—	(15)	444
Variable interest rate instruments	1.8	1,237	1,072	2,373	(84)	4,598
Total		10,329	1,187	2,373	(99)	13,790
31 March 2014						
Non-interest bearing	—	4,038	—	—	—	4,038
Fixed interest rate instruments	3.4	484	459	—	(30)	913
Variable interest rate instruments	1.5	1,281	1,031	2,641	(73)	4,880
Total		5,803	1,490	2,641	(103)	9,831

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

Non-derivative financial assets

All financial assets of the Group 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.

(vi) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. Management is of the view that the carrying amounts of borrowings and 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 disclosed in Note 11, and equity comprising issued capital and retained earnings. The Group's overall strategy remains unchanged during the period/years.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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 periods/years were as follows:

	Nine-month period ended 31 December 2016 \$'000	Nine-month period ended 31 December 2015 \$'000 (Unaudited)	Year ended 31 March 2016 \$'000	Year ended 31 March 2015 \$'000	Year ended 31 March 2014 \$'000
Short-term benefits	765	653	873	800	570
Post-employment benefits	66	58	77	70	51
	831	711	950	870	621

6 CASH AND CASH EQUIVALENTS

	31 December 2016 \$'000	31 March 2016 \$'000	31 March 2015 \$'000	31 March 2014 \$'000
Fixed deposits	2,202	—	—	—
Cash on hand and at bank	8,233	6,624	4,235	3,334
	10,435	6,624	4,235	3,334

As at 31 December 2016, the fixed deposits bear an average effective interest rate of 0.7% per annum with tenure of approximately three to six months. There were no fixed deposits as at 31 March 2016, 2015 and 2014. The fixed deposits can be readily converted into cash.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

7 TRADE AND OTHER RECEIVABLES

	31 December	31 March	31 March	31 March
	2016	2016	2015	2014
	\$'000	\$'000	\$'000	\$'000
Trade receivables	5,322	6,698	3,056	4,064
Deposits	195	185	182	58
Prepayments	553	113	128	62
Other receivables	13	15	12	4
	6,083	7,011	3,378	4,188

The credit period on sale of goods for each of the reporting periods is 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 as at the end of the reporting periods.

Included in the Group's trade receivable balances are debtors which are past due at the end of the reporting periods 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:

	31 December	31 March	31 March	31 March
	2016	2016	2015	2014
	\$'000	\$'000	\$'000	\$'000
< 1 month	583	388	201	399
1 to 2 months	1	228	205	113
> 2 months	7	27	127	77
Total	591	643	533	589

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

8 CONTRACT WORK-IN-PROGRESS IN EXCESS OF BILLINGS/BILLINGS IN EXCESS OF CONTRACT WORK-IN-PROGRESS

	31 December 2016 \$'000	31 March 2016 \$'000	31 March 2015 \$'000	31 March 2014 \$'000
Aggregate contract costs incurred plus recognised profits	64,652	50,167	30,069	11,186
Less: Progress billings	(57,044)	(41,949)	(21,710)	(9,552)
	<u>7,608</u>	<u>8,218</u>	<u>8,359</u>	<u>1,634</u>
Presented as follows:				
– Contract work-in-progress in excess of billings	8,102	8,218	8,359	2,390
– Billings in excess of contract work-in-progress	(494)	–	–	(756)
	<u>7,608</u>	<u>8,218</u>	<u>8,359</u>	<u>1,634</u>

9 PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles \$'000	Office equipment \$'000	Leasehold properties \$'000	Renovation \$'000	Workshop equipment \$'000	Total \$'000
Cost:						
At 1 April 2013	232	134	888	96	67	1,417
Additions	–	38	4,180	248	36	4,502
At 31 March 2014	232	172	5,068	344	103	5,919
Additions	62	70	–	55	15	202
At 31 March 2015	294	242	5,068	399	118	6,121
Additions	1,077	59	–	9	9	1,154
Disposals	(61)	(2)	–	–	–	(63)
At 31 March 2016	1,310	299	5,068	408	127	7,212
Additions	25	48	–	14	–	87
Disposals	–	(3)	–	–	(12)	(15)
At 31 December 2016	<u>1,335</u>	<u>344</u>	<u>5,068</u>	<u>422</u>	<u>115</u>	<u>7,284</u>

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

	Motor vehicles \$'000	Office equipment \$'000	Leasehold properties \$'000	Renovation \$'000	Workshop equipment \$'000	Total \$'000
Accumulated depreciation:						
At 1 April 2013	137	72	93	64	43	409
Depreciation	39	28	149	64	18	298
At 31 March 2014	176	100	242	128	61	707
Depreciation	40	39	189	74	21	363
At 31 March 2015	216	139	431	202	82	1,070
Depreciation	96	48	190	65	15	414
Disposals	(18)	(1)	—	—	—	(19)
At 31 March 2016	294	186	621	267	97	1,465
Depreciation	128	36	141	50	7	362
Disposals	—	(3)	—	—	(5)	(8)
At 31 December 2016	422	219	762	317	99	1,819
Carrying amount:						
At 31 December 2016	913	125	4,306	105	16	5,465
At 31 March 2016	1,016	113	4,447	141	30	5,747
At 31 March 2015	78	103	4,637	197	36	5,051
At 31 March 2014	56	72	4,826	216	42	5,212

As at 31 December 2016 and 31 March 2016, the carrying amount of the Group's property, plant and equipment held under finance leases are \$741,000 and \$803,000 respectively. There were no assets held under finance leases as at 31 March 2015 and 2014.

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.

10 AVAILABLE-FOR-SALE INVESTMENTS

	31 December 2016 \$'000	31 March 2016 \$'000	31 March 2015 \$'000	31 March 2014 \$'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%	—	—

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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 debt securities are denominated in Singapore dollar.

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 period/years.

11 BORROWINGS

	31 December 2016 \$'000	31 March 2016 \$'000	31 March 2015 \$'000	31 March 2014 \$'000
Bills payable to banks (i)	—	963	950	997
Bank loans – for properties (ii)	3,221	3,420	3,648	3,883
Bank loans – others (iii)	958	2,194	444	913
Less: Amount due for settlement within 12 months (shown under current liabilities)	(1,229)	(2,847)	(1,548)	(1,730)
Amount due for settlement after 12 months	2,950	3,730	3,494	4,063
	31 December 2016	31 March 2016	31 March 2015	31 March 2014
Interest rates on borrowings (per annum)	2.2-2.9%	1.9-3.4%	1.5-3.4%	1.5-3.4%

- (i) As at 31 March 2016, 2015 and 2014, bills payable to banks were secured by joint and several guarantees by the 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 the 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 the directors of the Company, with periodic repayment over terms of 2 years.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

	31 December 2016 \$'000	31 March 2016 \$'000	31 March 2015 \$'000	31 March 2014 \$'000
Undrawn committed borrowing facilities	10,000	4,037	4,050	203

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

12 TRADE AND OTHER PAYABLES

	31 December 2016 \$'000	31 March 2016 \$'000	31 March 2015 \$'000	31 March 2014 \$'000
Trade payables	8,429	6,132	7,689	3,743
Accruals	2,596	1,304	659	88
Dividends payable	4,000	500	400	200
Other payables	101	84	—	7
	15,126	8,020	8,748	4,038

The credit period on purchases of goods for each of the reporting periods is 30 to 60 days. No interest is charged on outstanding balances.

13 FINANCE LEASES

	Minimum lease payments			
	31 December 2016 \$'000	31 March 2016 \$'000	31 March 2015 \$'000	31 March 2014 \$'000
Amounts payable under finance leases:				
Within one year	100	100	—	—
In the second to fifth years inclusive	333	386	—	—
Later than five years	—	22	—	—
	433	508	—	—
Less: Future finance charges	(57)	(66)	—	—
Present value of lease obligations	376	442	—	—

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

	Present value of minimum lease payments			
	31 December	31 March	31 March	31 March
	2016	2016	2015	2014
	\$'000	\$'000	\$'000	\$'000
Amounts payable under finance leases:				
Within one year	87	87	—	—
In the second to fifth years inclusive	289	337	—	—
Later than five years	—	18	—	—
Present value of lease obligations	376	442	—	—
Less: Due for settlement within 12 months	(87)	(87)	—	—
Due for settlement after 12 months	289	355	—	—

	31 December	31 March	31 March	31 March
	2016	2016	2015	2014
Lease terms (years)	5 to 7	5 to 7	—	—
Borrowing rate (per annum)	2.8-3.0%	2.8-3.0%	—	—

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 and joint and several guarantees by the directors of the Company.

14 SHARE CAPITAL

The Company was incorporated on 27 February 2017. Accordingly, the share capital in the combined statements of financial position as at 31 March 2014, 2015 and 2016 and 31 December 2016 relates to the aggregate amounts of the Group's share of the share capital of the subsidiaries held directly by the Company.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

	31 December 2016	31 March 2016	31 March 2015	31 March 2014
	Number of ordinary shares ('000)			
Issued and fully paid:				
At beginning of period/year	1,500	1,500	1,500	1,000
Issue of shares	—	—	—	500
At end of period/year	1,500	1,500	1,500	1,500

	31 December 2016 \$'000	31 March 2016 \$'000	31 March 2015 \$'000	31 March 2014 \$'000
Issued and fully paid:				
At beginning of period/year	1,500	1,500	1,500	1,000
Issue of shares	—	—	—	500
At end of period/year	1,500	1,500	1,500	1,500

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.

15 REVENUE

	Nine-month period ended 31 December 2016 \$'000	Nine-month period ended 31 December 2015 \$'000	Year ended 31 March 2016 \$'000	Year ended 31 March 2015 \$'000	Year ended 31 March 2014 \$'000
	(Unaudited)				
Revenue from:					
– Engineering, procurement and construction contracts	33,135	21,721	31,975	23,897	12,305
– Operations and maintenance services	17,266	20,877	25,289	13,448	7,102
	50,401	42,598	57,264	37,345	19,407

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

16 OTHER INCOME

	Nine-month period ended 31 December 2016 \$'000	Nine-month period ended 31 December 2015 \$'000 (Unaudited)	Year ended 31 March 2016 \$'000	Year ended 31 March 2015 \$'000	Year ended 31 March 2014 \$'000
Government grant	47	17	149	49	20
Interest income	42	6	8	3	1
Others	72	72	15	42	21
	161	95	172	94	42

17 FINANCE COSTS

	Nine-month period ended 31 December 2016 \$'000	Nine-month period ended 31 December 2015 \$'000 (Unaudited)	Year ended 31 March 2016 \$'000	Year ended 31 March 2015 \$'000	Year ended 31 March 2014 \$'000
Interest on:					
– Borrowings	181	112	169	109	71
– Finance leases	9	–	3	–	–
	190	112	172	109	71

18 INCOME TAX

	Nine-month period ended 31 December 2016 \$'000	Nine-month period ended 31 December 2015 \$'000 (Unaudited)	Year ended 31 March 2016 \$'000	Year ended 31 March 2015 \$'000	Year ended 31 March 2014 \$'000
Current tax expense	1,018	972	1,163	544	297
Under (Over) provision of current tax in prior years	–	124	124	(31)	4
	1,018	1,096	1,287	513	301

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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.

Income tax for the periods/years can be reconciled to the accounting profit as follows:

	Nine-month period ended 31 December 2016 \$'000	Nine-month period ended 31 December 2015 \$'000 (Unaudited)	Year ended 31 March 2016 \$'000	Year ended 31 March 2015 \$'000	Year ended 31 March 2014 \$'000
Profit before tax	5,973	5,742	7,185	3,724	2,049
Tax expense calculated at statutory rate of 17%	1,015	976	1,221	633	348
Non-deductible (non-taxable) items – net	37	30	(12)	(43)	(5)
Under (Over) provision of current tax in prior years	–	124	124	(31)	4
Tax exempt income	(19)	(19)	(26)	(26)	(26)
Tax rebate	(15)	(15)	(20)	(20)	(20)
	1,018	1,096	1,287	513	301

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

19 PROFIT FOR THE PERIODS/YEARS

Profit for the periods/years has been arrived at after charging (crediting):

	Nine-month period ended 31 December 2016 \$'000	Nine-month period ended 31 December 2015 \$'000 (Unaudited)	Year ended 31 March 2016 \$'000	Year ended 31 March 2015 \$'000	Year ended 31 March 2014 \$'000
Employee benefits expense (including directors' remuneration)	7,921	7,010	9,593	5,577	3,410
Cost of defined contribution plans included in employee benefits expense	316	308	405	267	158
Depreciation of property, plant and equipment (included in other operating expenses)	362	289	414	363	298
Loss on disposal of property, plant and equipment	7	–	11	–	–
Net foreign exchange loss (gain)	109	(70)	137	30	(2)

20 EARNINGS PER SHARE

For illustrative purposes, earnings per ordinary share for the Relevant Periods have been calculated based on the profit attributable to the owners of the Company for each of the relevant periods/years and pre-invitation share capital of 216,657,813 shares.

The diluted earnings per ordinary share is the same as basic earnings per ordinary share as there are no effect of dilutive ordinary shares.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

21 DIVIDENDS

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

During the year ended 31 March 2015, a subsidiary declared a one-tier, tax exempt interim dividend of \$0.67 per share (total \$1,000,000) to the shareholders.

During the year ended 31 March 2014, a subsidiary declared a one-tier, tax exempt interim dividend of \$0.27 per share (total \$400,000) to the shareholders.

22 OPERATING LEASE ARRANGEMENTS

The Group as lessor

The Group rents out a property under an operating lease. Rental income earned during the nine-month period ended 31 December 2016 by the Group is \$8,000 (2015: \$Nil).

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

	Nine-month period ended 31 December 2016 \$'000	Nine-month period ended 31 December 2015 \$'000 (Unaudited)	Year ended 31 March 2016 \$'000	Year ended 31 March 2015 \$'000	Year ended 31 March 2014 \$'000
Less than one year	82	—	—	—	—
In the second to fifth years inclusive	68	—	—	—	—
	150	—	—	—	—

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

The Group as lessee

	Nine-month period ended 31 December 2016 \$'000	Nine-month period ended 31 December 2015 \$'000 (Unaudited)	Year ended 31 March 2016 \$'000	Year ended 31 March 2015 \$'000	Year ended 31 March 2014 \$'000
Payment recognised as an expense during the periods/years:					
Minimum lease payments under operating leases	734	684	960	525	261

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:

	Nine-month period ended 31 December 2016 \$'000	Nine-month period ended 31 December 2015 \$'000 (Unaudited)	Year ended 31 March 2016 \$'000	Year ended 31 March 2015 \$'000	Year ended 31 March 2014 \$'000
Less than one year	500	689	497	395	120

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

23 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.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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

	Nine-month period ended 31 December 2016 \$'000	Nine-month period ended 31 December 2015 \$'000	Year ended 31 March 2016 \$'000	Year ended 31 March 2015 \$'000	Year ended 31 March 2014 \$'000
	(Unaudited)				
Revenue – EPC	33,135	21,721	31,975	23,897	12,305
Revenue – O&M	17,266	20,877	25,289	13,448	7,102
Total	50,401	42,598	57,264	37,345	19,407
Profit – EPC	3,885	2,555	3,835	2,373	1,741
Profit – O&M	5,112	5,999	7,413	4,012	2,263
Total	8,997	8,554	11,248	6,385	4,004
Unallocated corporate expenses	(2,514)	(2,417)	(3,485)	(2,192)	(1,587)
Depreciation	(362)	(289)	(414)	(363)	(298)
Interest income	42	6	8	3	1
Finance costs	(190)	(112)	(172)	(109)	(71)
Profit before tax	5,973	5,742	7,185	3,724	2,049
Income tax	(1,018)	(1,096)	(1,287)	(513)	(301)
Profit for the periods/years	4,955	4,646	5,898	3,211	1,748

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

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.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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:

	Nine-month period ended 31 December 2016 \$'000	Nine-month period ended 31 December 2015 \$'000 (Unaudited)	Year ended 31 March 2016 \$'000	Year ended 31 March 2015 \$'000	Year ended 31 March 2014 \$'000
Customer A (EPC and O&M)	49,888	35,667	49,095	29,202	14,710
Customer B (EPC and O&M)	263	6,668	7,297	5,294	1,433

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.

24 INTERESTS IN A JOINT OPERATION

During the nine-month period ended 31 December 2016, the Group entered into a joint operation for a project, Chye Joo-Sanli Joint Venture, to which it is entitled to 45.07% proportionate share of the assets, liabilities and profits. As at 31 December 2016, management has assessed the interests in the joint operation to be insignificant to the Group.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

25 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 1 January 2018, with early application permitted.

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

Management has preliminarily assessed the potential impact of the application of these FRSs and amendments to FRS on the financial statements of the Group in the respective periods of initial application as follows:

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.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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.

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 and that the method used to measure the progress towards complete satisfaction of these performance obligations will continue to be appropriate under FRS 115.

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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.

26 IFRS CONVERGENCE IN 2018

Singapore-incorporated companies listed on the Singapore Exchange (SGX) 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 December 31, 2018, with retrospective application to the comparative financial year ending December 31, 2017 and the opening statement of financial position as at January 1, 2017 (date of transition).

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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 COMPARATIVE FIGURES

The Group's figures for the nine-month period ended 31 December 2015 have not been audited nor reviewed.

28 EVENTS AFTER THE REPORTING PERIOD

- (A) Subsequent to end of the reporting period, a subsidiary entered into an option to purchase a property for consideration of \$4,000,000.
- (B) Pursuant to written resolutions dated 9 May 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) the grant of authority 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,

APPENDIX A
INDEPENDENT AUDITORS' REPORT AND THE COMBINED FINANCIAL
STATEMENTS FOR THE YEARS ENDED 31 MARCH 2014, 2015 AND 2016
AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

NOTES TO COMBINED FINANCIAL STATEMENTS

31 March 2014, 2015 and 2016 and 31 December 2016

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 Instrument made or granted by the Directors while this authority was in force,

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.

APPENDIX B
INDEPENDENT AUDITORS' REPORT AND THE COMPILATION OF
THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016 AND
NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

INDEPENDENT AUDITORS' REPORT ON THE COMPILATION OF THE UNAUDITED
PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH
2016 AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

30 May 2017

The Board of Directors
Sanli Environmental Limited
15 Kian Teck Drive
Singapore 628832

Dear Sirs

Report on the Compilation of the Unaudited Pro Forma Combined Financial Information

We have completed our assurance engagement to report on the compilation of the Unaudited Pro Forma Combined Financial Information of Sanli Environmental Limited (the "Company") and its subsidiaries (the "Group") by the management of Sanli Environmental Limited ("Management"). The Unaudited Pro Forma Combined Financial Information of the Group consists of the unaudited pro forma combined statements of financial position as at 31 March 2016 and 31 December 2016, the unaudited pro forma combined statements of profit or loss and other comprehensive income and the unaudited pro forma combined statements of cash flows for the year ended 31 March 2016 and nine-month period ended 31 December 2016 and related notes (the "Unaudited Pro Forma Combined Financial Information of the Group") as set out on pages B-5 to B-16 of the offer document to be issued in connection with the proposed listing of the Company. The applicable criteria on the basis of which Management of the Group compiled the Unaudited Pro Forma are described in Note 2.

The Unaudited Pro Forma Combined Financial Information of the Group has been compiled by Management to illustrate the impact of the events or transactions set out in Note 1 ("Significant Events") on:

- (i) the unaudited pro forma combined statements of financial position as at 31 March 2016 and 31 December 2016 of the Group as if the Significant Events had occurred on 31 March 2016 and 31 December 2016 respectively;
- (ii) the unaudited pro forma combined statements of profit or loss and other comprehensive income for the year ended 31 March 2016 and nine-month period ended 31 December 2016 of the Group as if the Significant Events had occurred on 1 April 2015; and
- (iii) the unaudited pro forma combined statements of cash flows for the year ended 31 March 2016 and nine-month period ended 31 December 2016 of the Group as if the Significant Events had occurred on 1 April 2015.

APPENDIX B
INDEPENDENT AUDITORS' REPORT AND THE COMPILATION OF
THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016 AND
NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

INDEPENDENT AUDITORS' REPORT ON THE COMPILATION OF THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2016 AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by Management from the audited combined financial statements of Sanli Environmental Limited for the years ended 31 March 2014, 2015 and 2016 and nine-month period ended 31 December 2016 ("Audited Financial Statements") on which an audit report has been published.

Management's Responsibility for the Unaudited Pro Forma Combined Financial Information

Management is responsible for compiling the Unaudited Pro Forma Combined Financial Information of the Group on the basis of the applicable criteria as described in Note 2.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Singapore Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Auditors' Responsibility

Our responsibility is to express an opinion about whether the Unaudited Pro Forma Combined Financial Information of the Group has been compiled, in all material respects, by Management on the basis of the applicable criteria as described in Note 2.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* ("SSAE 3420") issued by the Institute of Singapore Chartered Accountants. This standard requires that the auditors plan and perform procedures to obtain reasonable assurance about whether Management has compiled, in all material respects, the Unaudited Pro Forma Combined Financial Information of the Group on the basis of the applicable criteria as described in Note 2.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Combined Financial Information of the Group, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Combined Financial Information of the Group.

APPENDIX B
INDEPENDENT AUDITORS' REPORT AND THE COMPILATION OF
THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016 AND
NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

INDEPENDENT AUDITORS' REPORT ON THE COMPILATION OF THE UNAUDITED
PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH
2016 AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

The purpose of the Unaudited Pro Forma Combined Financial Information of the Group included in the offer document is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Group as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at the respective dates would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Combined Financial Information of the Group has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by Management in the compilation of the Unaudited Pro Forma Combined Financial Information of the Group provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Combined Financial Information of the Group reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the independent auditor's judgement, having regard to the auditor's understanding of the nature of the Group, the events or transactions in respect of which the Unaudited Pro Forma Combined Financial Information of the Group has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Combined Financial Information of the Group.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) The Unaudited Pro Forma Combined Financial Information of the Group has been compiled:
- (i) in a manner consistent with the accounting policies adopted by the Group in its latest Audited Financial Statements, which are in accordance with Singapore Financial Reporting Standards;
 - (ii) on the basis of the applicable criteria stated in Note 2 of the Unaudited Pro Forma Combined Financial Information of the Group; and

APPENDIX B
INDEPENDENT AUDITORS' REPORT AND THE COMPILATION OF
THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016 AND
NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

INDEPENDENT AUDITORS' REPORT ON THE COMPILATION OF THE UNAUDITED
PRO FORMA COMBINED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH
2016 AND NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

- (b) each material adjustment made to the information used in the preparation of the Unaudited Pro Forma Combined Financial Information of the Group is appropriate for the purpose of preparing such unaudited financial information.

Restriction of Use and Distribution

This report has been prepared solely to you for inclusion in the offer document in connection with the proposed listing of Sanli Environmental Limited on the Catalist, the sponsor supervised board of the Singapore Exchange Securities Trading Limited and for no other purposes.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

Toh Yew Kuan Jeremy
Partner

APPENDIX B
INDEPENDENT AUDITORS' REPORT AND THE COMPILATION OF
THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016 AND
NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Audited combined statement of financial position \$'000	Unaudited Pro Forma Adjustments \$'000	Unaudited Pro Forma combined statement of financial position \$'000
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	6,624	(6,580)	44
Trade and other receivables	7,011	–	7,011
Contract work-in-progress in excess of billings	8,218	–	8,218
Total current assets	21,853	(6,580)	15,273
Non-current assets			
Property, plant and equipment	5,747	4,000	9,747
Available-for-sale investments	524	–	524
Total non-current assets	6,271	4,000	10,271
Total assets	28,124	(2,580)	25,544
<u>LIABILITIES AND EQUITY</u>			
Current liabilities			
Borrowings	2,847	200	3,047
Trade and other payables	8,020	1,600	9,620
Finance leases	87	–	87
Income tax payable	1,770	–	1,770
Total current liabilities	12,724	1,800	14,524
Non-current liabilities			
Borrowings	3,730	1,800	5,530
Finance leases	355	–	355
Total non-current liabilities	4,085	1,800	5,885
Capital and reserves			
Share capital	1,500	2,000	3,500
Translation reserves	(16)	–	(16)
Retained earnings	9,873	(8,180)	1,693
Equity attributable to owners of the Company	11,357	(6,180)	5,177
Non-controlling interests	(42)	–	(42)
Total equity	11,315	(6,180)	5,135
Total liabilities and equity	28,124	(2,580)	25,544

APPENDIX B
INDEPENDENT AUDITORS' REPORT AND THE COMPILATION OF
THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016 AND
NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Audited combined statement of financial position \$'000	Unaudited Pro Forma Adjustments \$'000	Unaudited Pro Forma combined statement of financial position \$'000
ASSETS			
Current assets			
Cash and cash equivalents	10,435	(2,580)	7,855
Trade and other receivables	6,083	–	6,083
Contract work-in-progress in excess of billings	8,102	–	8,102
Available-for-sale investments	257	–	257
Total current assets	24,877	(2,580)	22,297
Non-current assets			
Property, plant and equipment	5,465	4,000	9,465
Available-for-sale investments	267	–	267
Total non-current assets	5,732	4,000	9,732
Total assets	30,609	1,420	32,029
LIABILITIES AND EQUITY			
Current liabilities			
Borrowings	1,229	200	1,429
Trade and other payables	15,126	(2,400)	12,726
Billings in excess of contract work-in-progress	494	–	494
Finance leases	87	–	87
Income tax payable	2,179	–	2,179
Total current liabilities	19,115	(2,200)	16,915
Non-current liabilities			
Borrowings	2,950	1,800	4,750
Finance leases	289	–	289
Total non-current liabilities	3,239	1,800	5,039
Capital and reserves			
Share capital	1,500	2,000	3,500
Translation reserves	(31)	–	(31)
Retained earnings	6,786	(180)	6,606
Equity attributable to owners of the Company	8,255	1,820	10,075
Non-controlling interests	–	–	–
Total equity	8,255	1,820	10,075
Total liabilities and equity	30,609	1,420	32,029

APPENDIX B
INDEPENDENT AUDITORS' REPORT AND THE COMPILATION OF
THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016 AND
NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Audited combined statement of profit or loss and other comprehensive income \$'000	Unaudited Pro Forma Adjustments \$'000	Unaudited Pro Forma combined statement of profit or loss and other comprehensive income \$'000
Revenue	57,264	–	57,264
Cost of contract works	(46,016)	–	(46,016)
Gross profit	11,248	–	11,248
Other income	172	–	172
Administrative expenses	(3,512)	(60)	(3,572)
Other operating expenses	(551)	(160)	(711)
Finance costs	(172)	(162)	(334)
Profit before tax	7,185	(382)	6,803
Income tax	(1,287)	–	(1,287)
Profit for the year	5,898	(382)	5,516
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of a foreign operation	(16)	–	(16)
Total comprehensive income for the year	5,882	(382)	5,500
Profit for the year attributable to:			
Owners of the Company	5,942	(382)	5,560
Non-controlling interests	(44)	–	(44)
	5,898	(382)	5,516
Total comprehensive income for the year attributable to:			
Owners of the Company	5,926	(382)	5,544
Non-controlling interests	(44)	–	(44)
	5,882	(382)	5,500
Earnings per share ("EPS"):			
Basic and diluted (cents)	2.74		2.57

APPENDIX B
INDEPENDENT AUDITORS' REPORT AND THE COMPILATION OF
THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016 AND
NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

	Audited combined statement of profit or loss and other comprehensive income \$'000	Unaudited Pro Forma Adjustments \$'000	Unaudited Pro Forma combined statement of profit or loss and other comprehensive income \$'000
Revenue	50,401	–	50,401
Cost of contract works	(41,404)	–	(41,404)
Gross profit	8,997	–	8,997
Other income	161	–	161
Administrative expenses	(2,524)	–	(2,524)
Other operating expenses	(471)	(120)	(591)
Finance costs	(190)	(28)	(218)
Profit before tax	5,973	(148)	5,825
Income tax	(1,018)	–	(1,018)
Profit for the period	4,955	(148)	4,807
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of a foreign operation	(15)	–	(15)
Total comprehensive income for the period	4,940	(148)	4,792
Profit for the period attributable to:			
Owners of the Company	4,913	(148)	4,765
Non-controlling interests	42	–	42
	4,955	(148)	4,807
Total comprehensive income for the period attributable to:			
Owners of the Company	4,898	(148)	4,750
Non-controlling interests	42	–	42
	4,940	(148)	4,792
Earnings per share (“EPS”):			
Basic and diluted (cents)	2.27		2.20

APPENDIX B
INDEPENDENT AUDITORS' REPORT AND THE COMPILATION OF
THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016 AND
NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	Audited combined statement of cash flows \$'000	Unaudited Pro Forma Adjustments \$'000	Unaudited Pro Forma combined statement of cash flows \$'000
Operating activities			
Profit before tax	7,185	(382)	6,803
Adjustments for:			
Depreciation of property, plant and equipment	414	160	574
Loss on disposal of property, plant and equipment	11	–	11
Finance costs	172	162	334
Interest income	(8)	–	(8)
Operating cash flows before movements in working capital	7,774	(60)	7,714
Trade and other receivables	(3,633)	–	(3,633)
Trade and other payables	(844)	–	(844)
Contract work-in-progress in excess of billings	141	–	141
Cash generated from operations	3,438	(60)	3,378
Income taxes paid	(317)	–	(317)
Net cash from operating activities	3,121	(60)	3,061
Investing activities			
Purchase of property, plant and equipment (Note A)	(695)	(2,400)	(3,095)
Proceeds on disposal of property, plant and equipment	33	–	33
Interest received	8	–	8
Acquisition of available-for-sale investments	(524)	–	(524)
Net cash used in investing activities	(1,178)	(2,400)	(3,578)
Financing activities			
Dividends paid	(900)	(8,000)	(8,900)
Repayment of borrowings	(1,465)	–	(1,465)
Proceeds from borrowings (Note A)	3,000	2,000	5,000
Repayment of finance lease obligation	(17)	–	(17)
Proceeds from issuance of convertible debt (Note B)	–	2,000	2,000
Interest paid	(172)	(120)	(292)
Net cash from (used in) financing activities	446	(4,120)	(3,674)
Net increase (decrease) in cash and cash equivalents	2,389	(6,580)	(4,191)
Cash and cash equivalents at beginning of year	4,235	–	4,235
Cash and cash equivalents at end of year	6,624	(6,580)	44

Note A: During the year ended 31 March 2016, total additions including pro forma adjustment for property, plant and equipment amounted to \$5,154,000, of which \$459,000 was financed via finance lease and \$3,095,000 was paid by cash. Remaining amount of \$1,600,000 remains payable as at end of reporting period.

Note B: The convertible debt is assumed to have been fully converted into shares of the Company.

APPENDIX B
INDEPENDENT AUDITORS' REPORT AND THE COMPILATION OF
THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016 AND
NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

UNAUDITED PRO FORMA COMBINED STATEMENT OF CASH FLOWS
FOR THE NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

	Audited combined statement of cash flows \$	Unaudited Pro Forma Adjustments \$	Unaudited Pro Forma combined statement of cash flows \$
Operating activities			
Profit before tax	5,973	(148)	5,825
Adjustments for:			
Depreciation of property, plant and equipment	362	120	482
Loss on disposal of property, plant and equipment	7	—	7
Finance costs	190	28	218
Interest income	(42)	—	(42)
Operating cash flows before movements in working capital	6,490	—	6,490
Trade and other receivables	928	—	928
Trade and other payables	3,091	—	3,091
Contract work-in-progress in excess of billings	116	—	116
Billings in excess of contract work-in-progress	494	—	494
Cash generated from operations	11,119	—	11,119
Income taxes paid	(609)	—	(609)
Net cash from operating activities	10,510	—	10,510
Investing activities			
Purchase of property, plant and equipment (Note A)	(87)	—	(87)
Interest received	42	—	42
Net cash used in investing activities	(45)	—	(45)
Financing activities			
Dividends paid	(4,000)	4,000	—
Repayment of borrowings	(2,398)	—	(2,398)
Repayment of finance lease obligations	(66)	—	(66)
Interest paid	(190)	—	(190)
Net cash used in financing activities	(6,654)	4,000	(2,654)
Net increase in cash and cash equivalents	3,811	4,000	7,811
Cash and cash equivalents at beginning of period	6,624	(6,580)	44
Cash and cash equivalents at end of period	10,435	(2,580)	7,855

Note A: During the nine-month period ended 31 December 2016, all property, plant and equipment was acquired using cash.

APPENDIX B
INDEPENDENT AUDITORS' REPORT AND THE COMPILATION OF
THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016 AND
NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

Notes to the unaudited pro forma combined financial information for the year ended 31 March 2016 and nine-month period ended 31 December 2016

The Unaudited Pro Forma Combined Financial Information of the Group for the year ended 31 March 2016 and nine-month period ended 31 December 2016 have been prepared for inclusion in the offer document in connection with the invitation of shares of Sanli Environmental Limited and should be read in conjunction with the audited combined financial statements of Sanli Environmental Limited for the years ended 31 March 2014, 2015 and 2016 and nine-month period ended 31 December 2016.

1. Significant Events

Save for the following significant events relating to the distribution of dividends, issuance and conversion of convertible loan and purchase of property ("Significant Events") discussed below, Management, as at the date of this report, are not aware of any other significant acquisitions, disposal of assets and subsidiaries or significant changes made to the capital structure of the Group subsequent to 31 December 2016.

Declaration and payment of interim dividends

On 20 December 2016, a subsidiary declared a tax exempt (one-tier) dividend of \$5.33 per share amounting to \$8,000,000 in respect of the year ended 31 March 2017, which has been fully paid off as at the date of this report.

Issuance and conversion of convertible loan

On 3 February 2017, a subsidiary entered into an investment agreement with a third party for the grant of a convertible loan of \$2,000,000 which was converted at a conversion price of S\$0.13887 into 14,401,689 new shares of Sanli Environmental Limited, prior to the registration of the Offer Document. As at the date of this report, related professional fees of \$60,000 and fixed interest on convertible loan of \$120,000 had been fully paid.

Purchase of property

On 14 February 2017, a subsidiary entered into an option to purchase a property at 28 Kian Teck Drive, Singapore 628845. Out of the consideration of \$4,000,000, a sum of \$400,000 has been paid. The remaining consideration of \$1,600,000 is assumed to be payable by the subsidiary and the balance consideration of \$2,000,000 is assumed to be financed by a new bank loan with an assumed effective interest rate of 2.2% per annum and loan tenure of 10 years. For the purpose of the unaudited pro forma combined statements of cash flows, the loan interest is assumed to be payable subsequent to the end of each reporting period.

Management has assessed the useful life of the property to be 25 years.

APPENDIX B
INDEPENDENT AUDITORS' REPORT AND THE COMPILATION OF
THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016 AND
NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

Notes to the unaudited pro forma combined financial information for the year ended 31 March 2016 and nine-month period ended 31 December 2016

2. Basis of preparation of the Unaudited Pro Forma Combined Financial Information of the Group

2.1. The Unaudited Pro Forma Combined Financial Information of the Group for the year ended 31 March 2016 and nine-month period ended 31 December 2016 are prepared for illustrative purposes only and are based on certain assumptions after making certain adjustments to show what:

- (i) the unaudited pro forma combined statement of financial position as at 31 March 2016 and the unaudited pro forma combined interim statement of financial position as at 31 December 2016 of the Group would have been if the Significant Events as disclosed in Note 1, had occurred on 31 March 2016 and 31 December 2016 respectively.
- (ii) the unaudited pro forma combined statement of profit or loss and other comprehensive income for the year ended 31 March 2016 and nine-month period ended 31 December 2016 of the Group would have been if the Significant Events as disclosed in Note 1, had occurred on 1 April 2015.
- (iii) the unaudited pro forma combined statement of cash flow for the year ended 31 March 2016 and nine-month period ended 31 December 2016 of the Group would have been if the Significant Events as disclosed in Note 1, had occurred on 1 April 2015.

2.2. The Unaudited Pro Forma Combined Financial Information of the Group has been prepared based on the audited combined financial statements of Sanli Environmental Limited for the years ended 31 March 2014, 2015 and 2016 and nine-month period ended 31 December 2016 which were prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and audited by Deloitte & Touche LLP, Singapore, in accordance with Singapore Standards on Auditing. The auditors' report on these financial statements was not modified.

2.3. The objective of the Unaudited Pro Forma Combined Financial Information is to show what the historical financial position, financial performance and cash flows might have been had the Significant Events as disclosed in Note 1 taken place on the respective dates. However, the Unaudited Pro Forma Combined Financial Information, by its nature, may not give a true picture of the Group's actual financial position, financial performance and cash flows and is not necessarily indicative of the results of operations or related effects on the financial position that would have been attained had the above mentioned events.

Saved as disclosed in Note 1, Management, for the purpose of preparing this set of Unaudited Pro Forma Combined Financial Information of the Group, have not considered the effects of other events.

APPENDIX B
INDEPENDENT AUDITORS' REPORT AND THE COMPILATION OF
THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016 AND
NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

Notes to the unaudited pro forma combined financial information for the year ended 31 March 2016 and nine-month period ended 31 December 2016

- 2.4. Based on the assumptions discussed above, the following material adjustments have been made to the audited combined financial statements of Sanli Environmental Limited for the year ended 31 March 2016 and nine-month period ended 31 December 2016, in arriving at the Unaudited Pro Forma Combined Financial Information of the Group included herein:

Declaration and payment of interim dividends

Effect of the pro forma adjustment subsequent to 31 March 2016 and before 31 December 2016 and adjusted respectively as appropriate for the following:

Unaudited pro forma combined statement of financial position

	Decrease as at 31 March 2016 \$'000	Decrease as at 31 December 2016 \$'000
Cash and cash equivalents	(8,000)	(4,000)
Trade and other payables	–	(4,000)
Retained earnings	(8,000)	–

Unaudited pro forma combined statement of cash flows

	Decrease for the year ended 31 March 2016 \$'000	Increase for the nine-month period ended 31 December 2016 \$'000
Financing activity		
Dividends paid	(8,000)	4,000

The pro forma adjustment does not have any material effect on the pro forma combined statement of profit or loss and other comprehensive income for the year ended 31 March 2016 and nine-month period ended 31 December 2016.

APPENDIX B
INDEPENDENT AUDITORS' REPORT AND THE COMPILATION OF
THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016 AND
NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

Notes to the unaudited pro forma combined financial information for the year ended 31 March 2016 and nine-month period ended 31 December 2016

Issuance and conversion of convertible loan

Effect of the pro forma adjustment subsequent to 31 March 2016 and 31 December 2016 and adjusted respectively as appropriate for the following:

Unaudited pro forma combined statement of financial position

	Increase (Decrease) as at 31 March 2016 \$'000	Increase (Decrease) as at 31 December 2016 \$'000
Cash and cash equivalents	1,820	1,820
Share capital	2,000	2,000
Retained earnings	(180)	(180)

Unaudited pro forma combined statement of profit or loss and other comprehensive income

	Increase for the year ended 31 March 2016 \$'000	Increase for the nine-month period ended 31 December 2016 \$'000
Administrative expenses	60	—
Finance costs	120	—

Unaudited pro forma combined statement of cash flows

	Increase (Decrease) for the year ended 31 March 2016 \$'000	Increase (Decrease) for the nine-month period ended 31 December 2016 \$'000
Profit before tax	(180)	—
Adjustment for:		
Finance costs	120	—
Financing activity		
Proceeds from issuance of convertible loan	2,000	—
Interest paid	(120)	—

APPENDIX B
INDEPENDENT AUDITORS' REPORT AND THE COMPILATION OF
THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016 AND
NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

Notes to the unaudited pro forma combined financial information for the year ended 31 March 2016 and nine-month period ended 31 December 2016

Purchase of property, plant and equipment

Effect of the pro forma adjustment subsequent to 31 March 2016 and 31 December 2016 and adjusted respectively as appropriate for the following:

Unaudited pro forma combined statement of financial position

	Increase (Decrease) as at 31 March 2016 \$'000	Increase (Decrease) as at 31 December 2016 \$'000
Cash and cash equivalents	(400)	(400)
Property, plant and equipment	4,000	4,000
Trade and other payables	1,600	1,600
Borrowings (current)	200	200
Borrowings (non-current)	1,800	1,800

Unaudited pro forma combined statement of profit or loss and other comprehensive income

	Increase for the year ended 31 March 2016 \$'000	Increase for the nine-month period ended 31 December 2016 \$'000
Other operating expenses	160	120
Finance costs	42	28

APPENDIX B
INDEPENDENT AUDITORS' REPORT AND THE COMPILATION OF
THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016 AND
NINE-MONTH PERIOD ENDED 31 DECEMBER 2016

SANLI ENVIRONMENTAL LIMITED AND ITS SUBSIDIARIES

Notes to the unaudited pro forma combined financial information for the year ended 31 March 2016 and nine-month period ended 31 December 2016

Unaudited pro forma combined statement of cash flows

	(Decrease) Increase for the year ended 31 March 2016 \$'000	(Decrease) Increase for the nine-month period ended 31 December 2016 \$'000
Profit before tax	(202)	(148)
Adjustment for:		
Depreciation of property, plant and equipment	160	120
Finance costs	42	28
Investing activity		
Purchase of property, plant and equipment	(2,400)	—
Financing activity		
Proceeds from borrowings	2,000	—

3. Significant accounting policies

The Unaudited Pro Forma Combined Financial Information is prepared using accounting policies consistent with those to be applied by the Group which are described in the audited combined financial statements of the Group for the years ended 31 March 2014, 2015 and 2016 and nine-month period ended 31 December 2016.

4. Authorisation of pro forma combined financial information

The compilation of the Unaudited Pro Forma Combined Financial Information was authorised for issue in accordance with a resolution of the Board of Directors on 30 May 2017.

APPENDIX C

SUMMARY OF CONSTITUTION OF OUR COMPANY

The discussion below provides information on certain provisions of our Constitution and the company law of Singapore. This discussion is only a summary and is qualified by reference to Singapore law and our Constitution.

REGISTRATION NUMBER

We are registered in Singapore under the Companies Act. Our company registration number is 201705316M.

SUMMARY OF OUR CONSTITUTION

1. Directors

(a) Ability of interested directors to vote

A Director shall not vote in respect of any transaction, proposed transaction or arrangement in which he has any personal material interest, and he shall not be counted in the quorum present at the meeting, save that he may be counted in the quorum present at any meeting where he or any other Director is appointed to hold any office or place of profit under our Company or where the terms of any such appointment are arranged but he shall not vote in respect of his own appointment or the arrangement of the terms thereof.

(b) Remuneration

Fees payable to non-executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of our Company) as shall from time to time be determined by our Company in general meeting. Fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting convened by a notice specifying the intention to propose such increase.

Any Director who holds any executive office, or who serves on any committee of our Directors, or who performs services outside the ordinary duties of a Director, may be paid extra remuneration by way of salary, commission or otherwise (but not by way of commission on or percentage of turnover) as our Directors may determine.

The remuneration of a Managing Director shall be fixed by our Directors and may be by way of fixed salary, commission or participation in profits (but not turnover) or by any or all of these modes.

Our Directors shall have power to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits, to contribute to any scheme or fund or to pay premiums.

(c) Borrowing

Our Directors may exercise all the powers of our Company to raise or borrow or secure the payment of any money for the purposes of the Company or of any third party.

APPENDIX C

SUMMARY OF CONSTITUTION OF OUR COMPANY

(d) Retirement Age Limit

There is no retirement age limit for Directors under our Constitution.

(e) Shareholding Qualification

There is no shareholding qualification for Directors in our Constitution.

2. Share rights and restrictions

Our Company currently has one class of shares, namely, ordinary shares. Only persons who are registered on our register of members and in cases in which the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for the ordinary shares, are recognised as our shareholders.

(a) Dividends and distribution

We may, by ordinary resolution of our shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits. All dividends are paid *pro rata* amongst our shareholders in proportion to the amount paid up on each shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provide otherwise. Unless otherwise directed, dividends are paid by cheque or dividend warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

CDP will hold all dividend unclaimed for six years after having been declared and paid before release to our Directors, and our Directors may invest or otherwise make use of the unclaimed dividends solely for the benefit of our Company and any dividend unclaimed after a period of six years from the date of declaration of such dividend shall be forfeited and if so shall revert to our Company.

Our Directors may retain any dividends or other moneys payable on or in respect of a share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) Voting rights

A holder of our ordinary shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the Depository Register maintained by CDP as at 72 hours before the general meeting. Except as otherwise provided in our Constitution, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Constitution, on a show of hands, every shareholder present in person and by proxy shall have one vote, and on a poll, every shareholder present in person or by proxy shall

APPENDIX C

SUMMARY OF CONSTITUTION OF OUR COMPANY

have one vote for each ordinary share which he holds or represents. If required by the listing rules of the SGX-ST, all resolutions at general meetings shall be voted by poll. In addition, a poll may be demanded in certain circumstances, including by the chairman of the meeting or by any shareholder present in person or by proxy and representing not less than 5% of the total voting rights of all shareholders having the right to attend and vote at the meeting or by any two shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

3. Change in capital

Changes in the capital structure of our Company (for example, an increase, consolidation, cancellation, sub-division or conversion of our share capital) require shareholders to pass an ordinary resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. However, we are required to obtain our shareholders' approval by way of a special resolution for any reduction of our share capital or conversion of any class of shares into any other class of shares, subject to the conditions prescribed by law.

4. Variation of rights of existing shares or classes of shares

Subject to the Act, whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of our Constitution relating to general meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class, and that any holder of shares of the class present in person or by proxy shall on a poll have one vote for every share of the class held by him, and if at any adjourned meeting of such holders such quorum as aforesaid is not present, any two holders of shares of the class who are personally present shall be a quorum.

The relevant provision in our Constitution does not impose more significant conditions than the Act in this regard.

5. Limitations on foreign or non-resident shareholders

There are no limitations imposed by Singapore law or by our Constitution on the rights of our shareholders who are regarded as non-residents of Singapore, to hold or vote their shares.

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APPENDIX D DESCRIPTION OF OUR SHARES

The following statements are brief summaries of the rights and privileges of our Shareholders conferred by the laws of Singapore, the Catalist Rules and our Constitution. These statements summarise the material provisions of our Constitution but are qualified in entirety by reference to our Constitution, a copy of which is available for inspection at our registered office during normal business hours for a period of six months from the date of this Offer Document.

Ordinary Shares

All of our Shares are in registered form. We may, subject to the provisions of the Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

New Shares

New Shares may only be issued with the prior approval of our Shareholders in a general meeting. The aggregate number of Shares to be issued pursuant to a share issue mandate may not exceed 100% (or such other limit as may be prescribed by the SGX-ST) of the total number of our issued Shares, excluding treasury shares, of which the aggregate number of Shares to be issued other than on a *pro rata* basis to our Shareholders may not exceed 50% (or such other limit as may be prescribed by the SGX-ST) of the total number of our issued Shares, excluding treasury shares (the percentage of the total number of issued Shares, excluding treasury shares, being based on our Company's total number of issued Shares, excluding treasury shares, at the time such authority is given after adjusting for new shares arising from the conversion of convertible securities or employee share options on issue at the time such authority is given and any subsequent bonus issue, consolidation or subdivision of Shares). The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted or the date by which the annual general meeting is required by law to be held, whichever is the earlier. Subject to the foregoing, the provisions of the Act and any special rights attached to any class of shares currently issued, all new Shares are under the control of our Board of Directors who may allot and issue the same with such rights and restrictions as it may think fit.

Shareholders

Only persons who are registered in our register of members and, in cases in which the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for the Shares, are recognised as our Shareholders. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the Depository Register for that Share. We may close our register of members for any time or times if we provide the SGX-ST at least five clear Market Days' notice. However, the register of members may not be closed for more than 30 days in aggregate in any calendar year. We typically close our register of members to determine Shareholders' entitlement to receive dividends and other distributions.

APPENDIX D DESCRIPTION OF OUR SHARES

Transfer of Shares

There is no restriction on the transfer of fully paid Shares except where required by law or the Catalist Rules or the rules or by-laws of any stock exchange on which our Company is listed. Our Board of Directors may decline to register any transfer of Shares which are not fully paid Shares or Shares on which we have a lien. Our Shares may be transferred by a duly signed instrument of transfer in a form approved by the SGX-ST or any stock exchange on which our Company is listed. Our Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. A shareholder may transfer any ordinary shares held through the SGX-ST book-entry settlement system by way of a book-entry transfer without the need for any instrument of transfer. We will replace lost or destroyed certificates for Shares if it is properly notified and if the applicant pays a fee which will not exceed S\$2 and furnishes any evidence and indemnity that our Board of Directors may require.

General Meetings of Shareholders

We are required to hold an annual general meeting every year. Our Board of Directors may convene an extraordinary general meeting whenever it thinks fit and must do so if Shareholders representing not less than 10% of the total voting rights of all Shareholders request in writing that such a meeting be held. Unless otherwise required by law or by our Constitution, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at the meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to our Constitution, a change of our corporate name and a reduction in our share capital. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our Shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A holder of our Shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be Shareholders. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP as at 72 hours before the general meeting. Except as otherwise provided in our Constitution, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Constitution, on a show of hands, every Shareholder present in person and by proxy shall have one vote (provided that in the case of a Shareholder who is represented by two proxies, the chairman of the meeting shall be entitled to treat the first named proxy as the authorised representative to vote on a show of hands), and on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents. If required by the listing rules of the SGX-ST, all resolutions at general meetings shall be voted by poll. In addition, a poll may be demanded in certain circumstances, including by the chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than 5% of the total voting rights of all shareholders having the right to attend and vote at the meeting or by any two

APPENDIX D DESCRIPTION OF OUR SHARES

Shareholders present in person or by proxy and entitled to vote. In the case of an equality of votes, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits. All dividends are paid *pro rata* among our Shareholders in proportion to the amount paid up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provides otherwise. Unless otherwise directed, dividends are paid by cheque or dividend warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issue

Our Board of Directors may, with approval of our Shareholders at a general meeting, capitalise any reserves or profits (including profits or moneys carried and standing to any reserve) and distribute the same as bonus Shares credited as paid-up to our Shareholders in proportion to their shareholdings. Our Board of Directors may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

Takeovers

Under the Singapore Code on Take-overs and Mergers ("**Singapore Take-over Code**"), issued by the Authority pursuant to Section 321 of the Securities and Futures Act, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of the voting Shares must extend a takeover offer for the remaining voting Shares in accordance with the provisions of the Singapore Take-over Code. In addition, a mandatory takeover offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30% and 50% of the voting shares acquires additional voting shares representing more than 1% of the voting shares in any six-month period.

Liquidation or Other Return of Capital

If we liquidate or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

Indemnity

To the extent permitted under the Act, our Constitution provides that our Directors and officers shall be entitled to be indemnified by us against any losses or liabilities incurred in or about the execution of the duties of his office or otherwise in relation thereto, and no such Director or officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by our Company in the execution of the duties of his office or in relation thereto, unless such loss, damage, liabilities or misfortune occur through the wilful neglect or default, breach of duty, breach of trust or fraudulent act of such Director or officer.

APPENDIX D DESCRIPTION OF OUR SHARES

Limitations on Rights to Hold or Vote Shares

There are no limitations imposed by Singapore law or by our Constitution on the rights of non-resident shareholders to hold or vote in respect of our Shares.

Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Act, which gives the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations where:

- (a) our affairs are being conducted or the powers of our Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our Shareholders; or
- (b) we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our Shareholders, including the applicant.

Singapore courts have a wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Act itself. Without prejudice to the foregoing, the Singapore courts may:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of our affairs in the future;
- (c) authorise civil proceedings to be brought in our name of, or on behalf of, by a person or persons and on such terms as the court may direct;
- (d) provide for the purchase of Shares by other Shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our share capital; or
- (e) provide that we be wound up.

APPENDIX E TAXATION

The following is a discussion of certain tax matters relating to Singapore income tax, stamp duty and goods and services tax consequences in relation to the purchase, ownership and disposal of our Shares. This discussion is not intended to be and does not constitute legal or tax advice.

The discussion is limited to a general description of certain tax consequences in Singapore with respect to the ownership of our Shares and is based on current tax laws in Singapore, regulations and interpretations now in effect and available as of the Latest Practicable Date. These laws, regulations and interpretations, however, may change at any time, and any change could be retrospective. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore could later disagree with the explanations or conclusions set out below.

Prospective investors of our Shares are advised to consult their own tax advisors as to the Singapore or overseas tax consequences of purchasing, holding or disposing of our Shares. It is emphasised that neither our Company, our Directors nor any other persons involved in the Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of our Shares.

SINGAPORE INCOME TAX

Corporate income tax

A corporate taxpayer is regarded as resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore. As a general rule, the place where the company is considered tax resident is where the company's board of directors manage and control its business and where they hold their meetings to make strategic operational decisions for the company. Therefore, if the board of directors meets and conducts the company's business in Singapore, the company should generally be regarded as a tax resident in Singapore.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and on foreign-sourced income received or deemed received in Singapore, unless such income is exempted from tax.

A non-resident corporate taxpayer is liable to income tax on income that is accruing in or derived from Singapore. A non-resident corporate taxpayer is also liable to Singapore income tax on foreign-sourced income received or deemed received in Singapore but generally only where such taxpayer is considered to be operating in or from Singapore.

The corporate income tax rate is currently 17%. Corporate tax exemption will apply to the first S\$300,000 of a company's normal chargeable income as follows:

- 75% of up to the first S\$10,000 of a company's normal chargeable income; and
- 50% of up to the next S\$290,000 of a company's normal chargeable income.

The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate tax rate of 17%.

APPENDIX E TAXATION

New companies will also, subject to certain qualifying conditions, be eligible for full exemption on their normal chargeable income of up to S\$100,000 a year and a 50% exemption on the next S\$200,000 of chargeable income for each of the company's first three years of assessment.

Pursuant to the announcement made in the 2017 Budget by the Minister for Finance, all companies will be granted a 50% corporate income tax rebate, capped at S\$25,000, for the year of assessment 2017 and a 20% corporate income tax rebate, capped at S\$10,000 for the year of assessment 2018.

Individual income tax

An individual is regarded as tax resident in Singapore for a year of assessment if, in the preceding calendar year, he was physically present or had exercised an employment in Singapore (other than as a director of a company) for 183 or more days, or if he ordinarily resides in Singapore except for temporary absences.

Individual taxpayers (both resident and non-resident) are liable to Singapore income tax on income accruing in or derived from Singapore, subject to certain exceptions. All foreign-sourced income received in Singapore by an individual, regardless of whether such individual is resident in Singapore or otherwise, will be exempt from Singapore income tax, except where such income is received by a resident individual taxpayer through a partnership in Singapore.

A Singapore tax resident individuals is taxed at progressive rates ranging from 0% to 22% with effect from the year of assessment 2017. Non-resident individuals, subject to certain exceptions and conditions, are subject to Singapore income tax on income accruing in or derived from Singapore (other than employment income) at the tax rate of 22%. Non-resident individuals receiving Singapore employment income are taxed at a flat rate of 15% or progressive rates as a tax resident, whichever is higher.

Dividend Distributions

Under the one-tier system, the tax on corporate profits is final and dividends paid by a Singapore resident company are tax exempt in the hands of a Shareholder, regardless of whether the Shareholder is a company or an individual and whether or not the Shareholder is a Singapore tax resident.

There is no Singapore withholding tax on dividends paid to resident and non-resident shareholders.

Foreign shareholders are advised to consult their own tax advisors to take into account the tax laws of their respective countries of residence and the applicability of any double taxation agreement which their country of residence may have with Singapore.

Gains on Disposal of our Shares

Singapore does not impose tax on capital gains. Any gains derived from the sale of our Shares and considered to be of a capital nature will not be taxable in Singapore. Gains arising from the disposal of our Shares may be construed to be of an income nature and subject to Singapore income tax, if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore.

APPENDIX E TAXATION

There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. The characterisation of gains arising from the sale of our Shares will depend primarily on the facts and circumstances of each shareholder.

Notwithstanding the above, Section 13Z of the Income Tax Act provides for certainty on non-taxability of gains derived by a corporate taxpayer from the disposal of ordinary shares during the period from 1 June 2012 to 31 May 2022 (both dates inclusive) where:

- The divesting company had legally and beneficially held a minimum shareholding of 20% of the ordinary shares of the company whose shares are being disposed; and
- The divesting company had maintained the minimum 20% shareholding for a continuous period of at least 24 months immediately prior to the disposal.

The abovementioned “safe harbor rules” prescribed under Section 13Z of the Income Tax Act will not apply if the investee company is in the business of trading or holding Singapore immovable properties (excluding property development), where the shares are not listed on a stock exchange in Singapore or elsewhere.

Shareholders who have adopted, or who are required to adopt, the Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement (“FRS 39”) for the purposes of Singapore income tax may be required to recognise gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of our Shares is made. If so, the gain or loss on the shares may be taxed or allowed as a deduction for Singapore income tax purposes notwithstanding that they are unrealised. Shareholders who may be subject to this tax treatment should consult their accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of our Shares.

STAMP DUTY

There is no stamp duty payable on the subscription and issuance of our Shares.

Where our Shares evidenced in certificate form are acquired in Singapore, stamp duty is payable on the instrument of transfer of our Shares at the rate of 0.2% of the consideration paid or market value of our Shares, whichever is higher.

The purchaser is liable for the stamp duty, unless there is an agreement to the contrary.

No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require an instrument of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently brought into Singapore.

ESTATE DUTY

Singapore estate duty was abolished with effect from 15 February 2008.

APPENDIX E TAXATION

GOODS AND SERVICES TAX (“GST”)

The sale of our Shares by a GST-registered investor belonging in Singapore for GST purposes to another person belonging in Singapore is an exempt supply not subject to GST. Any input GST incurred by a GST-registered investor in making an exempt supply is generally not recoverable from the Singapore Comptroller of GST and becomes an additional cost to the investor unless the investor satisfies certain conditions prescribed under the GST legislation.

Where our Shares are sold by a GST-registered investor in the course of furtherance of a business carried on by such investor contractually to and for the direct benefit of a person belonging outside Singapore (and who is outside Singapore at the time of supply), the sale should generally be considered a taxable supply subject to GST at 0%. Consequently, any input GST incurred by the GST-registered investor in making such a zero-rated supply in the course of or furtherance of a business, subject to the provisions of the GST legislations, should be recoverable as an input tax from the Singapore Comptroller of GST.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and sale of the Shares.

Services consisting of arranging, brokering, underwriting or advising on the issue, allotment or transfer of ownership of our Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor’s purchase, sale or holding of our Shares will be subject to GST at the prevailing standard rate of 7.0%. Similar services rendered by a GST-registered person contractually to and for the direct benefit of an investor belonging outside Singapore should generally be subject to GST at 0%.

APPENDIX F TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCE

You are invited to apply to subscribe for the New Shares at the Issue Price for each New Share subject to the following terms and conditions set out below and in the relevant printed application forms to be used for the purpose of the Invitation and which forms part of the Offer Document (the “**Application Forms**”) or, as the case may be, the Electronic Applications (as defined herein):

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 NEW SHARES OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF NEW SHARES WILL BE REJECTED.**
2. Your application for Offer Shares may be made by way of printed **WHITE** Offer Shares Application Forms or by way of Electronic Applications through ATMs of the Participating Banks (“**ATM Electronic Applications**”) or through Internet Banking (“**IB**”) websites of the relevant Participating Banks (“**Internet Electronic Applications**”, which together with ATM Electronic Applications, shall be referred to as “**Electronic Applications**”). The Participating Banks are DBS Bank Ltd. (including POSB) (“**DBS Bank**”), Oversea-Chinese Banking Corporation Limited (“**OCBC**”) and United Overseas Bank Limited and its subsidiary Far Eastern Bank Limited (“**UOB Group**”).

Your application for the Placement Shares (other than the Reserved Shares) may only be made by way of printed **BLUE** Placement Shares Application Forms or other such forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent deem appropriate.

Your application for the Reserved Shares may only be made by way of printed **PINK** Reserved Shares Application Forms or such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent deem appropriate.

YOU MAY NOT USE CPF FUNDS TO APPLY FOR THE NEW SHARES.

3. **You (not being an approved nominee company) are allowed to submit only one application in your own name for the Offer Shares or the Placement Shares (other than the Reserved Shares). If you submit an application for Offer Shares by way of an Offer Shares Application Form, you MAY NOT submit another application for Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and shall be rejected at the discretion of our Company, and the Sponsor, Issue Manager, Underwriter and Placement Agent, except in the case of applications by approved nominee companies, where each application is made on behalf of a different beneficiary.**

If you submit an application for Offer Shares by way of an ATM Electronic Application, you MAY NOT submit another application for Offer Shares by way of an Internet Electronic Application, and *vice versa*. Such separate applications shall be deemed to be multiple applications and shall be rejected at the discretion of our Company, and the Sponsor, Issue Manager, Underwriter and Placement Agent.

If you, not being an approved nominee company, have submitted an application for Offer Shares in your own name, you should not submit any other application for Offer Shares, whether by way of an Offer Shares Application Form or by way of an Electronic Application, for any other person. Such separate applications shall be deemed to be multiple applications and shall be rejected at the discretion of our Company, and the Sponsor, Issue Manager, Underwriter and Placement Agent.

APPENDIX F TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCE

If you have made an application for Placement Shares (other than the Reserved Shares), you should not make any application for Offer Shares either by way of an Offer Shares Application Form or by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and shall be rejected at the discretion of our Company, and the Sponsor, Issue Manager, Underwriter and Placement Agent.

Conversely, if you have made an application for Offer Shares either by way of an Electronic Application or by way of an Offer Shares Application Form, you may not make any application for Placement Shares (other than the Reserved Shares). Such separate applications shall be deemed to be multiple applications and shall be rejected at the discretion of our Company, and the Sponsor, Issue Manager, Underwriter and Placement Agent.

If you have made an application for Reserved Shares, you may submit one separate application for Offer Shares in your own name by way of an Offer Shares Application Form or by way of an Electronic Application, or submit one separate application for Placement Shares (other than Reserved Shares) by way of a Placement Shares Application Form or such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent deems appropriate, provided that you adhere to the terms and conditions of this Offer Document. Such separate applications shall NOT be treated as multiple applications.

Joint or multiple applications for the New Shares shall be rejected at the discretion of our Company, and the Sponsor, Issue Manager, Underwriter and Placement Agent. If you submit or procure submissions of multiple share applications for Offer Shares, Placement Shares (other than the Reserved Shares) or both Offer Shares and Placement Shares (other than the Reserved Shares), you may be deemed to have committed an offence under the Penal Code (Chapter 224) of Singapore and the SFA, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications, except in the case of applications by approved nominee companies where such applications are made on behalf of a different beneficiary, shall be rejected at the discretion of our Company, and the Sponsor, Issue Manager, Underwriter and Placement Agent. By submitting an application for the New Shares, you declare that you do not possess more than one individual direct Securities Account with CDP.

4. We will not accept applications from any person under the age of 18 years, undischarged bankrupts, sole-proprietorships, partnerships, non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks, as the case may be) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of the application.
5. We will not recognise the existence of a trust. Any application by a trustee or trustees must therefore be made in his/her/their own name(s) and without qualification or where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or companies after complying with paragraph 6 below.

APPENDIX F
TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS
AND ACCEPTANCE

6. **WE WILL NOT ACCEPT APPLICATIONS FROM NOMINEES EXCEPT THOSE MADE BY APPROVED NOMINEE COMPANIES ONLY.** “Approved nominee companies” are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.
7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION.** If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (if you apply by way of an Application Form), or you will not be able to complete your Electronic Application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, CDP Securities Account, nationality and permanent residence status provided in your Application Form or in the case of an Electronic Application, contained in records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you possess more than one individual direct Securities Account with CDP, your application shall be rejected.
8. If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondence from CDP will be sent to your address last registered with CDP.
9. Our Company, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent reserves the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Offer Document or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Offer Document or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn remittance or improper form of remittance or which is not honoured upon its first presentation.

Our Company, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent further reserves the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Application Forms or the instructions for Electronic Applications or the terms and conditions of this Offer Document and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

Without prejudice to the rights of our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent, as agent of our Company, has been authorised to accept, for and on behalf of our Company such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent deem appropriate.

APPENDIX F
TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS
AND ACCEPTANCE

10. Our Company, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent reserves the right to reject or to accept, in whole or in part, or to scale down or to ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on the decision of our Company will be entertained. This right applies to applications made by way of Application Forms and by way of Electronic Applications and by such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent may, in consultation with our Company, deem appropriate. In deciding the basis of allotment, which shall be at the discretion of our Company, due consideration will be given to the desirability of allotting the New Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.
11. Subject to your provision of a valid and correct CDP Securities Account number, share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, and subject to the submission of valid application and payment for the New Shares, a statement of account stating that your Securities Account has been credited with the number of New Shares allotted to you if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by our Company. You irrevocably authorise CDP to complete and sign on your behalf, as transferee or renounee, any instrument of transfer and/or other documents required for the issue and/or transfer of the New Shares allotted to you. This authorisation applies to applications made by way of Application Forms and by way of Electronic Applications.
12. In the event that our Company lodges a supplementary or replacement offer document ("**Relevant Document**") pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Invitation, and the New Shares have not been issued, we will (as required by law and subject to the SFA), at our Company's sole and absolute discretion, either:
 - (a) within two days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document;
 - (b) within seven days from the date of lodgement of the Relevant Document give you a copy of Relevant Document and provide you with an option to withdraw your application; or
 - (c) deem your application as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and we shall, within seven days from the date of lodgement of the Relevant Document, pay all monies you have paid in respect of any application for the New Shares, without interest or any share of revenue or benefit arising therefrom and at your own risk.

Where you have notified us within 14 days from the date of lodgement of the Relevant Document of your wish to exercise your option under Paragraph 12(a) or (b) above to withdraw your application, we shall pay to you all monies paid by you on account of your

APPENDIX F
TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS
AND ACCEPTANCE

application for the New Shares without interest or any share of revenue or other benefit arising therefrom and at your own risk, within seven days from the receipt of such notification and you will not have any claim against our Company, or the Sponsor, Issue Manager, Underwriter and Placement Agent.

In the event that at the time of the lodgement of the Relevant Document, the New Shares have already been issued but trading has not commenced, we will (as required by law and subject to the SFA), at our Company's sole and absolute discretion, either:

- (d) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to our Company the New Shares which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document;
- (e) within seven days from the date of lodgement of the Relevant Document, give you a copy of the Relevant Document and provide you with an option to return the New Shares which you do not wish to retain title in; or
- (f) deem the issue as void and pay all monies you have paid in respect of any application for the New Shares (without interest or any share of revenue or other benefits arising therefrom and at your own risk) within seven days from the date of lodgement of the Relevant Document,

and you shall not have any claim against our Company, or the Sponsor, Issue Manager, Underwriter and Placement Agent.

If you wish to exercise your option under paragraph 12(d) or (e) above to return the New Shares issued to you, you shall, within 14 days from the date of lodgement of the Relevant Document, notify our Company of this and return all documents, if any, purporting to be evidence of title of those New Shares to us, whereupon we shall, subject to compliance with applicable laws and the Constitution of our Company, within seven days from the receipt of such notification and documents, pay to you all monies paid by you for the New Shares without interest or any share of revenue or other benefit arising therefrom and at your own risk, and the New Shares issued to you shall be void. You shall not have any claim whatsoever against our Company, or the Sponsor, Issue Manager, Underwriter and Placement Agent.

Additional terms and instructions applicable upon the lodgement of the Relevant Document, including instructions on how you can exercise the option to withdraw your application or return the New Shares allotted to you, may be found in such Relevant Document.

13. In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares not subscribed for shall be made available to satisfy excess applications for the Placement Shares to the extent that there is an over-subscription for Placement Shares as at the close of the Application List.

APPENDIX F TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCE

In the event that any of the Reserved Shares are not taken up, they will be made available to satisfy excess applications for the Placement Shares (other than Reserved Shares) to the extent that there is an over-subscription for the Placement Shares (other than Reserved Shares) as at the close of the Application List, or, in the event of an under-subscription for the Placement Shares as at the close of the Application List, they will be made available to satisfy excess applications made by members of the public for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.

In the event of an under-subscription for Placement Shares as at the close of the Application List, that number of Placement Shares not subscribed for shall be made available to satisfy excess applications for Offer Shares to the extent that there is an over-subscription for Offer Shares as at the close of the Application List.

In the event of an over-subscription for Offer Shares as at the close of the Application List and Placement Shares (including Reserved Shares) are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Company, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent and/or the SGX-ST (if required).

In all the above instances, the basis of allotment of the New Shares as may be decided by our Directors in ensuring a reasonable spread of shareholders of our Company, shall be made public as soon as practicable through an announcement on the SGX-ST's website at <http://www.sgx.com> and through an advertisement in a local English newspaper.

You hereby consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent residency status, CDP Securities Account number and shares application amount from your account with the relevant Participating Bank to the Share Registrar and Share Transfer Agent, SCCS, SGX-ST, CDP, our Company, and the Sponsor, Issue Manager, Underwriter and Placement Agent.

14. You irrevocably authorise CDP to disclose the outcome of your application, including the number of New Shares allotted to you pursuant to your application, to our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent and any other parties so authorised by the foregoing persons. None of our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent, the Participating Banks or CDP shall not be liable for any delays, failures, or inaccuracies in the recording, storage, transmission or delivery of data relating to your Electronic Applications.
15. Any reference to "you" or the "applicant" in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Offer Shares by way of a **WHITE** Offer Shares Application Form or by way of an Electronic Application, a person applying for the Placement Shares (other than Reserved Shares) through the Placement Agent by way of a **BLUE** Placement Shares Application Form or such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent may, in consultation with our Company, deem appropriate, and a person applying for the Reserved Shares through the Placement Agent by way of a **PINK** Application Form for Reserved Shares or such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent deem appropriate.

APPENDIX F
TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS
AND ACCEPTANCE

16. By completing and delivering an Application Form or by making and completing an Electronic Application by (in the case of an ATM Electronic Application) pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM (as the case may be) or by (in the case of an Internet Electronic Application) clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other relevant button on the IB website screen of the relevant Participating Banks in accordance with the provisions of this Offer Document, you:
- (a) irrevocably offer, agree and undertake to subscribe for the number of New Shares specified in your application (or such smaller number for which the application is accepted) at the Issue Price for each New Share and agree that you will accept such New Shares as may be allotted to you, in each case on the terms of, and subject to the conditions set out in this Offer Document and the Constitution of our Company;
 - (b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Offer Document and those set out in the IB websites or ATMs of the relevant Participating Banks, the terms and conditions set out in this Offer Document shall prevail;
 - (c) agree that the aggregate Issue Price for the New Shares applied for is due and payable to the Company upon application;
 - (d) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company in determining whether to accept your application and/or whether to allot any New Shares to you;
 - (e) (i) consent to the collection, use, processing and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, CPF Investment Account number (if applicable), share application amount and details, the outcome of your application (including the number of New Shares allotted to you pursuant to your application) and other personal data (the “**Personal Data**”) by the Share Registrar and Share Transfer Agent, CDP, SCCS, the SGX-ST, the Participating Banks, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent and/or other authorised operators (the “**Relevant Parties**”) for the purpose of facilitating and processing your application for the New Shares, and in order for the Relevant Parties to comply with any applicable laws, listing rules and/or guidelines (collectively, the “**Purposes**”) and warrant that such Personal Data is true, accurate and correct; (ii) consent that the Relevant Parties may disclose or share the Personal Data with third parties who provide necessary services to the Relevant Parties, such as service providers working for them and providing services such as hosting and maintenance services, delivery services, handling of payment transactions, and consultants and professional advisers; (iii) consent that the Relevant Parties may transfer Personal Data to any location outside of Singapore in order for them to provide the requisite support and services in connection with the New Shares; (iv) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Parties for the Purposes, you have obtained the consent of the beneficial owner(s) to paragraphs (e)(i), (e)(ii) and (e)(iii) and that any disclosure of the Personal Data to the Relevant Parties is in compliance with all applicable laws; (v) agree that the Relevant Parties may

APPENDIX F

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCE

do anything or disclose any Personal Data or matters without notice to you if our Company or the Sponsor, Issue Manager, Underwriter and Placement Agent considers them to be required or desirable in respect of any applicable policy, law, regulation, government entity, regulatory authority or similar body; and (vi) agree that you will indemnify the Relevant Parties in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Parties shall be entitled to enforce this indemnity (collectively, the **“Personal Data Privacy Terms”**); and

- (f) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and neither our Company nor the Sponsor, Issue Manager, Underwriter and Placement Agent will infringe any such laws as a result of the acceptance of your application.
17. Our acceptance of applications will be conditional upon, *inter alia*, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for quotation for all our existing Shares and the New Shares on Catalist;
 - (b) the Sponsorship and Management Agreement and the Underwriting and Placement Agreement referred to in the “Sponsorship, Management, Underwriting and Placement Arrangements” section of this Offer Document have become unconditional and have not been terminated or cancelled prior to such date as our Company may determine; and
 - (c) the Authority, the SGX-ST or other competent authority has not issued a stop order (**“Stop Order”**) to our Company which directs that no or no further shares to which this Offer Document relates be allotted, issued or sold.
18. In the event that a Stop Order in respect of the New Shares is served by the Authority, the SGX-ST or other competent authority, and applications to subscribe for the New Shares have been made prior to the Stop Order, then to the extent permissible under applicable laws:
- (a) in the case where the New Shares have not been issued, we will deem all applications withdrawn and cancelled and our Company shall pay all monies paid on account of your application for the New Shares (without interest or any share of revenue or other benefit arising therefrom and at your own risk) to you within 14 days from the date of the Stop Order and you shall not have any claim whatsoever against our Company, or the Sponsor, Issue Manager, Underwriter and Placement Agent; or
 - (b) in the case where the New Shares have already been issued but trading has not commenced, the issue of the New Shares shall be deemed to be void and our Company shall, within 14 days from the date of the Stop Order, pay all monies paid on account of your application for the New Shares (without interest or any share of revenue or other benefit arising therefrom and at your own risk) and you shall not have any claim whatsoever against our Company, or the Sponsor, Issue Manager, Underwriter and Placement Agent.

APPENDIX F TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCE

This shall not apply where only an interim Stop Order has been served.

19. In the event that an interim Stop Order in respect of the New Shares is served by the Authority, the SGX-ST or other competent authority, no New Shares shall be issued to you during the time when the interim Stop Order is in force.
20. The Authority, the SGX-ST or other competent authority may not serve a Stop Order in respect of the New Shares if the New Shares have been issued and listed on the SGX-ST and trading in the New Shares has commenced.
21. In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same through a SGXNET announcement to be posted on the SGX-ST website at <http://www.sgx.com> and through a paid advertisement in a local newspaper.
22. We will not hold any application in reserve.
23. We will not allot Shares on the basis of this Offer Document later than six months after the date of registration of this Offer Document by the SGX-ST, acting as agent on behalf of the Authority.
24. Additional terms and conditions for applications by way of Application Forms are set out in “Additional Terms and Conditions for Applications using Application Forms” below.
25. Additional terms and conditions for applications by way of Electronic Applications are set out in “Additional Terms and Conditions for Electronic Applications” below.
26. All payments in respect of any application for the New Shares, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Invitation does not proceed for any reason, shall be made in Singapore dollars.
27. CDP shall not be liable for any delays, failures or inaccuracies in the recording or storage or in the transmission or delivery of data relating to the Electronic Applications.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below as well as those set out in this Appendix F, as well as the Constitution of our Company.

1. Your application for the New Shares must be made using the **WHITE** Offer Shares Application Forms and **WHITE** official envelopes “A” and “B” for Offer Shares, the **BLUE** Placement Shares Application Forms for Placement Shares (other than Reserved Shares) or the **PINK** Reserved Shares Application Forms for Reserved Shares, accompanying and forming part of this Offer Document or such other forms of application as the Sponsor, Issue Manager, Underwriter and Placement Agent deem appropriate without prejudice to the rights of our Company.

APPENDIX F

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCE

We draw your attention to the detailed instructions contained in the respective Application Forms and this Offer Document for the completion of the Application Forms which must be carefully followed. **Our Company, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, reserves the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Offer Document or to the terms and conditions of this Offer Document or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation.**

2. Your Application Forms must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.
3. All spaces in the Application Forms except those under the heading “**FOR OFFICIAL USE ONLY**” must be completed and the words “**NOT APPLICABLE**” or “**N.A.**” should be written in any space that is not applicable.
4. Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears in your identity card (if you have such an identification document) or in your passports and, in the case of a corporation, in your full name as registered with a competent authority. If you are a non-individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Constitution or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your Constitution or equivalent constitutive documents must be lodged with our Company’s Share Registrar and Share Transfer Office. Our Company reserves the right to require you to produce documentary proof of identification for verification purposes.
5.
 - (a) You must complete Sections A and B and sign on page 1 of the Application Form.
 - (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).
 - (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
6. You (whether you are an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporations.

APPENDIX F TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCE

If you are an approved nominee company, you are required to declare whether the beneficial owner of the New Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation.

7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of New Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**SANLI ENVIRONMENTAL SHARE ISSUE A/C**" crossed "**A/C PAYEE ONLY**", and with your name, address and CDP Securities Account number written clearly on the reverse side. **Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted.** No combined Banker's Draft or Cashier's Order for different CDP Securities Accounts shall be accepted. We will reject remittances bearing "**NOT TRANSFERABLE**" or "**NON TRANSFERABLE**" crossings. No acknowledgement of receipt will be issued by our Company, or the Sponsor, Issue Manager, Underwriter and Placement Agent for applications and application monies received.
8. Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours of balloting of applications at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List, provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and application monies have been received in the designated share issue account. In the event that the Invitation does not proceed for any reason, the full amount of the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within five Market Days of the termination of the Invitation. In the event that the Invitation is cancelled by us following the issuance of a Stop Order by the Authority or the SGX-ST, or other competent authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the Stop Order.
9. Capitalised terms used in the Application Forms and defined in this Offer Document shall bear the meanings assigned to them in this Offer Document.
10. You irrevocably agree and acknowledge that your application is subject to risks of fires, acts of God and other events beyond the control of the Participating Banks, our Company, our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent and/or any other party involved in the Invitation, and if, in any such event, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent and/or the relevant Participating Bank do not receive your Application Form, you shall have no claim whatsoever against our Company, our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent, the relevant Participating Bank and/or any other party involved in the Invitation for the New Shares applied for or for any compensation, loss or damage.

APPENDIX F
TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS
AND ACCEPTANCE

11. By completing and delivering the Application Form, you agree that:

- (a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at **12.00 noon on 6 June 2017** or such other time or date as our Company may, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent in their absolute discretion decide, subject to any limitation under all applicable laws and regulations and the rules of the SGX-ST and by completing and delivering the Application Form:
 - (i) your application is irrevocable; and
 - (ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;
- (b) neither our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent nor any other party involved in the Invitation shall be liable for any delays, failures or inaccuracies in the recording or storage or in the transmission or delivery of data relating to your application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 10 above or to any cause beyond their respective controls;
- (c) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
- (d) in respect of the New Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;
- (e) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
- (f) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other person involved in the Invitation shall have any liability for any information not so contained;
- (g) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document;
- (h) you consent to the collection, use and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, CDP Securities Account number, and share application amount to our Share Registrar, CDP, SCCS, SGX-ST, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or other authorised operators; and

APPENDIX F TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCE

- (i) you irrevocably agree and undertake to subscribe for the number of New Shares applied for as stated in the Application Form or any smaller number of such New Shares that may be allotted to you in respect of your application. In the event that our Company decides to allot a smaller number of New Shares or not to allot any New Shares to you, you agree to accept such decision as final.

Applications for Offer Shares

1. Your application for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Forms and **WHITE** official envelopes “A” and “B”. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. You must:
 - (a) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with the correct remittance in accordance with the terms and conditions of this Offer Document in the **WHITE** official envelope “A” provided;
 - (b) in the appropriate spaces on **WHITE** official envelope “A”:
 - (i) write your name and address;
 - (ii) state the number of Offer Shares applied for;
 - (iii) tick the relevant box to indicate the form of payment; and
 - (iv) affix adequate Singapore postage;
 - (c) seal the **WHITE** official envelope “A”;
 - (d) write, in the special box provided on the larger **WHITE** official envelope “B” addressed to **Sanli Environmental Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623**, the number of Offer Shares for which the application is made; and
 - (e) insert **WHITE** official envelope “A” into **WHITE** official envelope “B”, seal **WHITE** official envelope “B”, affix adequate Singapore postage on **WHITE** official envelope “B” (if despatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND**, at your own risk to **Sanli Environmental Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623**, to arrive by **12.00 noon on 6 June 2017 or such other date and time as our Company may, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, in their absolute discretion, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

APPENDIX F TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCE

Applications for Placement Shares (other than Reserved Shares)

1. Your application for Placement Shares (other than Reserved Shares) **MUST** be made using the **BLUE** Placement Shares Application Forms. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. The completed and signed **BLUE** Placement Shares Application Form and the correct remittance in full in respect of the number of Placement Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name, address and CDP Securities Account number written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to **Sanli Environmental Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623**, to arrive by **12.00 noon on 6 June 2017 or such other date and time as our Company may, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, in their absolute discretion decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

Applications for Reserved Shares

1. Your application for Reserved Shares **MUST** be made using the **PINK** Reserved Shares Application Form. **ONLY ONE APPLICATION** should be enclosed in each envelope.
2. The completed and signed **PINK** Reserved Shares Application Form and the correct remittance in full in respect of the number of Reserved Shares applied for (in accordance with the terms and conditions of this Offer Document) with your name, address and CDP Securities Account number written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND** at your own risk to **Sanli Environmental Limited c/o Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623**, to arrive by **12.00 noon on 6 June 2017 or such other date and time as our Company may, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, in their absolute discretion decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.
3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

APPENDIX F

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCE

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications) and IB website screens (in the case of Internet Electronic Applications). For illustration purposes, the procedures for Electronic Applications through ATMs and the IB website of the UOB Group are set out respectively in the “Steps for an ATM Electronic Application for the Offer Shares through ATMs of UOB Group” and the “Steps for an Internet Electronic Application through the IB website of UOB Group” (collectively, the “**Steps**”) appearing below.

The Steps set out the actions that you must take at an ATM or the IB website of the UOB Group to complete an Electronic Application. Please read carefully the terms of this Offer Document, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to “you” or the “applicant” in this section “Additional Terms and Conditions for Electronic Applications” and the Steps shall refer to you making an application for Offer Shares through an ATM or the IB website of a relevant Participating Bank.

You may incur an administrative fee and/or such related charges as stipulated by the respective Participating Banks from time to time for the application of the Offer Shares.

You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an Electronic Application at the ATMs. An ATM card issued by one Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to other Participating Banks. For an Internet Electronic Application, you must have an existing bank account with an IB User Identification (“**User ID**”) and a Personal Identification Number/Password (“**PIN**”) given by the relevant Participating Bank. The Steps set out the actions that you must take at ATMs or the IB website of the UOB Group to complete an Electronic Application. The actions that you must take at ATMs or the IB websites of other Participating Banks are set out on the ATM screens or the IB website screens of the relevant Participating Banks. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip (“**Transaction Record**”), confirming the details of your Electronic Application. Upon completion of your Internet Electronic Application, there will be an on-screen confirmation (“**Confirmation Screen**”) of the application which can be printed for your record. The Transaction Record or your printed record of the Confirmation Screen is for your retention and should not be submitted with any Application Form.

You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or if you do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your ATM Electronic Application liable to be rejected.

You must ensure, when making an Internet Electronic Application, that your mailing address for the account selected for the application is in Singapore and the application is being made in Singapore and you will be asked to declare accordingly. Otherwise your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time when you make the application.

APPENDIX F TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCE

You shall make an Electronic Application in accordance with and subject to the terms and conditions of this Offer Document including but not limited to the terms and conditions appearing below and those set out in this Appendix F as well as the Constitution of our Company.

1. In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating your Electronic Application:
 - (a) that you have received a copy of this Offer Document (in the case of ATM Electronic Applications only) and have read, understood and agreed to all the terms and conditions of application for Offer Shares and this Offer Document prior to effecting the Electronic Application and agree to be bound by the same;
 - (b) that you consent to the collection, use, processing and disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent residence status, share application amount, CDP Securities Account number, application details and other Personal Data (the “**Relevant Particulars**”) with the relevant Participating Bank to the Relevant Parties; and
 - (c) that this is your only application for Offer Shares and it is made in your own name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction in the ATM or on the IB website unless you press the “Enter” or “Confirm” or “Yes” or “OK” or any other relevant key in the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen. By doing so, you shall be treated as signifying your confirmation of each of the above three statements. In respect of statement 1(b) above, such confirmation shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act (Chapter 19) of Singapore to the disclosure by the relevant Participating Bank of the Relevant Particulars to the Relevant Parties.

2. **BY MAKING AN ELECTRONIC APPLICATION, YOU CONFIRM THAT YOU ARE NOT APPLYING FOR OFFER SHARES AS A NOMINEE OF ANY OTHER PERSON AND THAT ANY ELECTRONIC APPLICATION THAT YOU MAKE IS THE ONLY APPLICATION MADE BY YOU AS THE BENEFICIAL OWNER.**

YOU SHOULD MAKE ONLY ONE ELECTRONIC APPLICATION FOR OFFER SHARES AND SHOULD NOT MAKE ANY OTHER APPLICATION FOR OFFER SHARES OR PLACEMENT SHARES (OTHER THAN RESERVED SHARES), WHETHER AT THE ATMS OR THE IB WEBSITES OF THE RELEVANT PARTICIPATING BANK OR ON THE APPLICATION FORMS. IF YOU HAVE MADE AN APPLICATION FOR OFFER SHARES OR PLACEMENT SHARES (OTHER THAN RESERVED SHARES) ON AN APPLICATION FORM, YOU SHALL NOT MAKE AN ELECTRONIC APPLICATION FOR OFFER SHARES AND VICE VERSA.

APPENDIX F TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCE

3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which your Electronic Application will not be completed or accepted. **Any Electronic Application which does not conform strictly to the instructions set out in this Offer Document or on the screens of the ATM or the IB website of the relevant Participating Bank through which your Electronic Application is being made shall be rejected.**

You may make an ATM Electronic Application at the ATM of any Participating Bank or an Internet Electronic Application at the IB website of the relevant Participating Bank for the Offer Shares using only cash by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank.

4. You irrevocably agree and undertake to subscribe for and to accept the number of Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of Offer Shares that may be allotted to you in respect of your Electronic Application.

In the event that our Company decides to allot any lesser number of such Offer Shares or not to allot any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “Confirm” or “Yes” or “OK” or any other relevant key on the ATM or clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be allotted to you and your agreement to be bound by the Constitution of our Company. You also irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or documents required for the issue and/or transfer of the Offer Shares that may be allotted to you.

5. **Our Company will not keep any applications in reserve.** Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded in Singapore dollars (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 24 hours of balloting of the applications provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated share issue account. **Trading on a “WHEN ISSUED” basis, if applicable, is expected to commence after such refund has been made.**

Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded in Singapore dollars (without interest or any share of revenue or other benefit arising therefrom and at your own risk) to you by being automatically credited to your account with your Participating Bank within 14 days after the close of the Application List provided that the remittance in respect of such application which has been presented for payment or other processes have been honoured and the application monies have been received in the designated share issue account.

If the Invitation does not proceed for any reason, the full amount of the application monies received will be refunded (without interest or any share of revenue arising therefrom and at your own risk) to you within five Market Days of the termination of the Invitation.

APPENDIX F

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCE

Responsibility for timely refund of application monies from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any monies to you from unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares allotted to you before trading the Offer Shares on Catalist. You may also call CDP Phone at 6535 7511 to check the provisional results of your application by using your T-pin (issued by CDP upon your application for the service) and keying in the stock code (that will be made available together with the results of the allotment via an announcement through the SGX-ST website at <http://www.sgx.com> and by advertisement in a generally circulating daily press). To sign up for the service, you may contact CDP's customer service officers. Neither the SGX-ST, the CDP, the SCCS, the Participating Banks, our Company, nor the Sponsor, Issue Manager, Underwriter and Placement Agent assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

6. **If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Banks.**

If you make Electronic Applications through the ATMs or the IB websites of the following Participating Banks, you may check the provisional results of your Electronic Applications as follows:

Bank	Telephone	ATM/Internet	Operating Hours	Service Expected From
UOB Group	1800 222 2121	ATM (Other Transactions – “ IPO Results Enquiry ”)/ Phone Banking/ Internet Banking http://www.uobgroup.com ⁽¹⁾	24 hours a day	Evening of the balloting day
DBS Bank	1800 339 6666 (for POSB account holders) 1800 111 1111 (for DBS account holders)	Internet Banking http://www.dbs.com ⁽²⁾	24 hours a day	Evening of the balloting day
OCBC	1800 363 3333	ATM/Phone Banking/ Internet Banking http://www.ocbc.com ⁽³⁾	24 hours a day	Evening of the balloting day

Notes:

- (1) If you have made your Electronic Application through the ATMs or IB website of UOB Group, you may check the results of your application through UOB Personal Internet Banking, UOB Group's ATMs or UOB Phone Banking Services.
- (2) If you have made your Electronic Application through the ATMs or IB website of DBS Bank, you may check the results of your application through the channel listed above in relation to ATM Electronic Applications made at the ATM of DBS Bank.
- (3) If you have made your Electronic Application through the ATMs or IB website of OCBC, you may check the results of your application through OCBC Personal Internet Banking, OCBC's ATMs or OCBC Phone Banking Service.

APPENDIX F
TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS
AND ACCEPTANCE

7. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, our Company, and the Sponsor, Issue Manager, Underwriter and Placement Agent and if, in any such event, our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent and/or the relevant Participating Bank do not receive your Electronic Application, or data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, our Directors, the Sponsor, Issue Manager, Underwriter and Placement Agent and/or the relevant Participating Bank for Offer Shares applied for or for any compensation, loss or damage.
8. **Electronic Applications shall close at 12.00 noon on 6 June 2017 or such other date and time as our Company may, in consultation with the Sponsor, Issue Manager, Underwriter and Placement Agent, in their absolute discretion decide.** Subject to the paragraph above, all Internet Electronic Applications are deemed to be received when it enters the designated information system of the relevant Participating Bank, that is, when there is an onscreen confirmation of the application.
9. You are deemed to have irrevocably requested and authorised our Company to:
 - (a) register the Offer Shares allotted to you in the name of CDP for deposit into your Securities Account as entered by you;
 - (b) send the relevant Share certificate(s) by ordinary post, at your own risk, to CDP;
 - (c) return or refund (without interest or any share of revenue earned or other benefit arising therefrom and at your own risk) the application monies, should your Electronic Application be unsuccessful, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours of the balloting of applications or within five Market Days of the termination of the Invitation if the Invitation does not proceed for any reason (as the case may be); and
 - (d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 days after the close of the Application List.
10. We do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in your own name and without qualification. Our Company will reject any application by any person acting as nominee except those made by approved nominee companies only.
11. All your particulars in the records of your relevant Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your relevant Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after the time of the making of your Electronic Application, you shall promptly notify your relevant Participating Bank.

APPENDIX F
TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS
AND ACCEPTANCE

12. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, or otherwise, your Electronic Application is liable to be rejected.** You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment will be sent to your address last registered with CDP before the close of the Invitation.
13. By making and completing an Electronic Application, you are deemed to have agreed that:
- (a) in consideration of our Company making available the Electronic Application facility, through the Participating Banks as the agents of our Company, at the ATMs and IB websites of the relevant Participating Banks:
 - (i) your Electronic Application is irrevocable; and
 - (ii) your Electronic Application, our acceptance and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (b) neither our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent, the Participating Banks nor CDP shall be liable for any delays, failures or inaccuracies in the recording or storage or in the transmission or delivery of data relating to your Electronic Application to our Company or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 7 above or to any cause beyond our respective controls;
 - (c) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any payment received by or on behalf of our Company;
 - (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
 - (e) in making your application, reliance is placed solely on the information contained in this Offer Document and that none of our Company, the Sponsor, Issue Manager, Underwriter and Placement Agent or any other person involved in the Invitation shall have any liability for any information not so contained;
 - (f) you accept and agree to the Personal Data Privacy Terms set out in this Offer Document; and
 - (g) you irrevocably agree and undertake to subscribe for the number of New Shares applied for as stated in your Electronic Application or any smaller number of such New Shares that may be allotted to you in respect of your application. In the event that our Company decides to allot a smaller number of New Shares or not to allot any New Shares to you, you agree to accept such decision as final.

APPENDIX F TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCE

Steps for Electronic Applications through ATMs and the IB website of UOB Group

The instructions for Electronic Applications will appear on the ATM screens and the IB website screens of the respective Participating Banks. For illustrative purposes, the steps for making an Electronic Application through the ATMs or IB website of UOB Group are shown below. Instructions for Electronic Applications appearing on the ATM screens and the IB website screens (if any) of the relevant Participating Banks (other than UOB Group) may differ from that represented below.

Owing to space constraints on UOB's ATM screens, the following terms will appear in abbreviated form:

"&"	:	and
"A/C" and "A/CS"	:	ACCOUNT AND ACCOUNTS, respectively
"ADDR"	:	ADDRESS
"AMT"	:	AMOUNT
"APPLN"	:	APPLICATION
"CDP"	:	THE CENTRAL DEPOSITORY (PTE) LIMITED
"CPF"	:	CENTRAL PROVIDENT FUND
"CPFINVT A/C"	:	CPF INVESTMENT ACCOUNT
"ESA"	:	ELECTRONIC SHARE APPLICATION
"IC"	:	NRIC
"NO"	:	NUMBER
"PIN"	:	PERSONAL IDENTIFICATION NUMBER
"REGISTRARS"	:	SHARE REGISTRARS
"SCCS"	:	SECURITIES CLEARING & COMPUTER SERVICES (PTE) LTD
"UOB/ICB CPFIS"	:	UOB OR ICB CPF INVESTMENT SCHEME
"YR"	:	YOUR

APPENDIX F TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCE

Steps for an ATM Electronic Application for the Offer Shares through ATMs of UOB Group

- Step 1 : Insert your personal Unicard, Uniplus card or UOB VISA/MASTER card and key in your personal identification number.
- 2 : Select "CASHCARD/OTHER TRANSACTIONS".
- 3 : Select "SECURITIES APPLICATION".
- 4 : Select "ESA-Fixed".
- 5 : Select the share counter which you wish to apply for.
- 6 : Read and understand the following statements which will appear on the screen:
- THIS OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/PRODUCT HIGHLIGHTS SHEET/SIMPLIFIED DISCLOSURE DOCUMENT/PROFILE STATEMENT/RELEVANT DOCUMENT. ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) WILL NEED TO MAKE AN APPLICATION IN THE MANNER SET OUT IN THE PROSPECTUS/OFFER INFORMATION STATEMENT/PRODUCT HIGHLIGHTS SHEET/SIMPLIFIED DISCLOSURE DOCUMENT/PROFILE STATEMENT/RELEVANT DOCUMENT
 - YOU AGREE THAT THIS TRANSACTION IS ENTERED INTO TOTALLY ON YOUR OWN ACCORD AND THE AVAILABILITY OF THIS APPLICATION SERVICE SHALL NOT BE CONSTRUED AS A RECOMMENDATION OR ADVICE FROM UOB TO ENTER INTO THIS TRANSACTION. YOU MAY WISH TO SEEK PRIOR ADVICE FROM A QUALIFIED ADVISER AS TO THE TRANSACTION SUITABILITY

(Press "ENTER" key to continue)
 - PLEASE CALL 1800 222 2121 IF YOU WOULD LIKE TO FIND OUT WHERE YOU CAN OBTAIN A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/PRODUCT HIGHLIGHTS SHEET/SIMPLIFIED DISCLOSURE DOCUMENT/PROFILE STATEMENT/RELEVANT DOCUMENT
 - WHERE APPLICABLE, A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/PRODUCT HIGHLIGHTS SHEET/SIMPLIFIED DISCLOSURE DOCUMENT/PROFILE STATEMENT/RELEVANT DOCUMENT HAS BEEN LODGED WITH AND/OR REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE AND/OR SGX WHO ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/PRODUCT HIGHLIGHTS SHEET/SIMPLIFIED DISCLOSURE DOCUMENT/PROFILE STATEMENT/RELEVANT DOCUMENT

(Press "ENTER" key to continue)

APPENDIX F
TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS
AND ACCEPTANCE

- 7 : Read and understand the following terms which will appear on the screen:
- YOU HAVE READ, UNDERSTOOD & AGREED TO ALL TERMS OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/PRODUCT HIGHLIGHTS SHEET/SIMPLIFIED DISCLOSURE DOCUMENT/PROFILE STATEMENT/RELEVANT DOCUMENT & THIS ELECTRONIC APPLICATION
- (Press "ENTER" key to continue)
- YOU CONSENT TO DISCLOSE YR NAME, IC/PASSPORT, NATIONALITY, ADDR, APPLN AMT, CPFINVT A/C NO & CDP A/C NO FROM YOUR A/CS TO CDP, CPF, SCCS, REGISTRARS, SGX-ST AND ISSUER/VENDOR
 - THIS IS YOUR ONLY FIXED PRICE APPLN & IS IN YOUR NAME & AT YOUR RISK
- (Press "ENTER" key to continue)
- 8 : Screen will display:
- NRIC/Passport No. XXXXXXXXXXXXX**
- IF YOUR NRIC NO/PASSPORT NO IS INCORRECT, PLEASE CANCEL THE TRANSACTION AND NOTIFY THE BRANCH PERSONALLY.**
- (Press "CANCEL" or "CONFIRM")
- 9 : Select mode of payment i.e. "CASH ONLY". You will be prompted to select Cash Account type to debit (i.e. "CURRENT ACCOUNT/I-ACCOUNT", "CAMPUS ACCOUNT" OR "SAVINGS ACCOUNT/TX ACCOUNT"). Should you have a few accounts linked to your ATM card, a list of linked account numbers will be displayed for you to select.
- 10 : After you have selected the account, your CDP Securities Account number will be displayed for you to confirm or change (This screen with your CDP Securities Account number will be shown if your CDP Securities Account number is already stored in the ATM system of UOB Group). If this is the first time you are using UOB Group's ATM to apply for Shares, your CDP Securities Account number will not be stored in the ATM system of UOB Group, and the following screen will be displayed for your input of your CDP Securities Account number.
- 11 : Read and understand the following terms which will appear on the screen:
1. **PLEASE DO NOT APPLY FOR JOINT A/C HOLDER OR OTHER THIRD PARTIES.**
 2. **PLEASE USE YOUR OWN ATM CARD.**
 3. **DO NOT KEY IN THE CDP A/C NO. OF YOUR JOINT A/C HOLDER OR OTHER THIRD PARTIES.**

APPENDIX F TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS AND ACCEPTANCE

4. KEY IN YOUR CDP A/C NO. (12 DIGITS) 1681-XXXX-XXXX.

5. PRESS ENTER KEY.

- 12 : Key in your CDP Securities Account number (12 digits) and press the “ENTER” key
- 13 : Select your nationality status
- 14 : Key in the number of Shares you wish to apply for and press the “ENTER” key
- 15 : Check the details of your Electronic Application on the screen and press the “ENTER” key to confirm your Electronic Application
- 16 : Select “NO” if you do not wish to make any further transactions and remove the Transaction Record. You should keep the Transaction Record for your own reference only

Steps for an Internet Electronic Application through the IB website of UOB Group

Owing to space constraints on UOB Group’s IB website screen, the following terms will appear in abbreviated form:

- “CDP” : The Central Depository (Pte) Limited
- “CPF” : The Central Provident Fund
- “NRIC” or “I/C” : National Registration Identity Card
- “PR” : Permanent Resident
- “S\$” : Singapore Dollars
- “SCCS” : Securities Clearing & Computer Services (Pte) Ltd
- “SGX-ST” : Singapore Exchange Securities Trading Limited

- Step 1 : Connect to UOB’s website at <http://www.uobgroup.com>
- 2 : Locate the UOB Online Services Login icon on the top right hand side next to “Internet Banking”
- 3 : Click on UOB Online Services Login and at drop list select “UOB Personal Internet Banking”
- 4 : Enter your Username and Password and click “Submit”
- 5 : Click on “Proceed” under the Full Access Mode

APPENDIX F
TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS
AND ACCEPTANCE

- 6 : You will receive a SMS One-Time Password. Enter the SMS One-Time Password and click "Proceed"
- 7 : Click on "Investment", follow by "Securities", follow by "Add"
- 8 : Read the IMPORTANT notice and complete the declarations found on the bottom of the page by answering Yes/No to the questions
- 9 : Click "Proceed"
- 10 : Select your country of residence (you must be residing in Singapore to apply), and click "Continue"
- 11 : Select the "Securities Counter" from the drop list (if there are concurrent IPOs) and click "Submit"
- 12 : Check the "Securities Counter", select the mode of payment and account number to debit and click on "Submit"
- 13 : Read the important instructions and click on "Continue" to confirm that:
1. **You have read, understood and agreed to all the terms of this application and Prospectus/Offer Document or Supplementary Document.**
 2. **For the purposes of facilitating your application, you consent to disclose your name, NRIC/passport number, CDP Securities Account Number, CPF investment account number, application details and other personal data and disclosing the same from our records to CDP, CPF, SCCS, share registrars, SGX-ST & Issuer/Vendor(s), the Sponsor, Issue Manager, Underwriter and Placement Agent.**
 3. **This application is made in your own name, for your own account and at your own risk.**
 4. **For FIXED/MAX price securities application, this is your only application. For TENDER price shares application, this is your only application at the selected tender price.**
 5. **For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: The application monies will be debited from your bank account in S\$, based on the Bank's exchange rate, or application monies may be debited and refunds credited in S\$ at the same exchange rate.**
 6. **For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to the availability at the point of application.**

APPENDIX F
TERMS, CONDITIONS AND PROCEDURES FOR APPLICATIONS
AND ACCEPTANCE

- 14 : Check your personal details, details of the share counter you wish to apply for and account to debit:
- Select (a) Nationality;
- Enter (b) your CDP Securities Account Number; and
- (c) the number of shares applied for.
- 15 : Check the details of your application, your NRIC/Passport number, CDP Securities Account Number and the number of shares applied for, share counter, payment mode and account to debit
- 16 : Click “Submit”, “Clear” or “Home” as applicable
- 17 : Print the Confirmation Screen (optional) for your own reference and retention only



SANLI ENVIRONMENTAL LIMITED

(Incorporated in the Republic of Singapore on 27 February 2017)

(Company Registration Number: 201705316M)

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