



SANLI ENVIRONMENTAL LIMITED

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

INVITATION TO SUBSCRIBE FOR 52,000,000 NEW ORDINARY SHARES IN SANLI ENVIRONMENTAL LIMITED (THE “NEW SHARES”)

Prior to making a decision to purchase the New Shares, you should carefully consider all the information contained in the offer document dated 30 May 2017 (the “Offer Document”) issued by Sanli Environmental Limited (the “Company” and together with its subsidiaries, the “Group”). This Product Highlights Sheet should be read in conjunction with the Offer Document. You will be subject to various risks and uncertainties, including the potential loss of your entire principal amount invested. If you are in doubt as to investing in the New Shares, you should consult your legal, financial, tax or other professional adviser.

This Product Highlights Sheet¹ is an important document.

- It highlights the key information and risks relating to the offer of the New Shares contained in the Offer Document. It complements the Offer Document².
- You should not purchase the New Shares if you do not understand the nature of an investment in our ordinary shares, our business or are not comfortable with the accompanying risks.
- If you wish to purchase the New Shares, you will need to make an application in the manner set out in the Offer Document. If you do not have a copy of the Offer Document, please contact us to ask for one.

Issuer	Sanli Environmental Limited	Place of incorporation	Republic of Singapore
Details of this Invitation	Total number of New Shares to be offered – 52,000,000 Offer – 2,500,000 New Shares Placement – 49,500,000 New Shares, including 4,500,000 New Shares reserved for subscription by our Directors, employees and business associates who have contributed to the success of our Group	Total amount to be raised in this Invitation	<ul style="list-style-type: none"> • Gross proceeds – Approximately S\$11.70 million • Net proceeds – Approximately S\$9.72 million
Issue Price	S\$0.225 for each New Share	Listing status of Issuer and the Securities	An application has been made to the SGX-ST for permission to deal in and for quotation of all of our Shares already issued and the New Shares on Catalist. The New Shares are expected to be listed on 8 June 2017.
Issue Manager	SAC Capital Private Limited	Underwriter	SAC Capital Private Limited

¹ This Product Highlights Sheet does not constitute, or form any part of any offer for sale or subscription of, or solicitation of any offer to buy or subscribe for, any securities in the Company nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. This Product Highlights Sheet shall be read in conjunction with the Offer Document.

The information in this Product Highlights Sheet is based on information found in the Offer Document. Any decision to subscribe for securities must be made solely on the basis of information contained in the Offer Document. Capitalised terms used in this Product Highlights Sheet, unless otherwise defined, shall bear the meanings as defined in the Offer Document.

² The Offer Document, registered by the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore on 30 May 2017, may be obtained on request, subject to availability, during office hours from SAC Capital Private Limited at 1 Robinson Road #21-02 AIA Tower Singapore 048542, or accessible at the SGX-ST’s website at <http://www.sgx.com>.

OVERVIEW

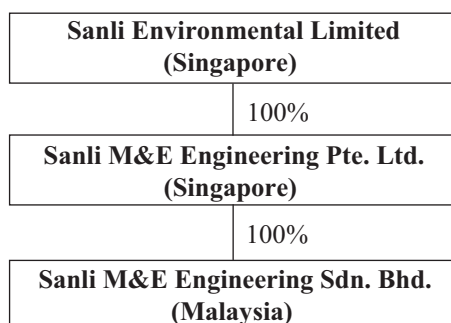
WHO ARE WE AND WHAT DO WE DO?

Our Company was incorporated in Singapore on 27 February 2017 under the Companies Act (Chapter 50) as a private company limited by shares, under the name “Sanli Environmental Pte. Ltd.”. Our Company was converted into a public limited company on 9 May 2017 and our name was changed to “Sanli Environmental Limited”.

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, namely, Engineering, Procurement and Construction, and Operations and Maintenance.

The structure of our Group is as follows:



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.

Further Information

Refer to the “History” and “Business” sections on pages 102 to 128 of the Offer Document for more information on our background and business.

Refer to the “General Information on our Group – Group Structure” on page 96 for the structure of our Group.

WHO ARE OUR DIRECTORS AND KEY EXECUTIVES?

Our Board of Directors comprise the following 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)

Our Executive Officers are:

- Shoo Sook Fun (General Manager – Corporate Services)
- Toh Chiew Khim (Chief Financial Officer)

Refer to the “Directors, Executive Officers and Staff – Directors” and “Directors, Executive Officers and Staff – Executive Officers” sections on pages 145 to 150 of the Offer Document for more information on our Directors and Executive Officers.

WHO ARE OUR CONTROLLING SHAREHOLDERS?

As at the Latest Practicable Date, our Controlling Shareholders, namely, Typha Holdings, Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat held a direct and indirect shareholding interest of approximately 67.60%, 6.13%, 6.13%, 6.43% and 6.13%, respectively of our Company's total issued share capital.

Immediately after the Invitation, Typha Holdings, Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat are expected to hold a direct and indirect shareholding interest of 54.52%, 4.94%, 4.94%, 5.19% and 4.94%, respectively of our Company's total issued share capital.

Sim Hock Heng, Kew Boon Kee, Pek Kian Boon and Lee Tien Chiat hold equal shares in Typha Holdings and are deemed to be interested in the Shares held by Typha Holdings.

Pek Kian Boon is deemed to have an interest in the 650,000 Shares held by his wife, Shoo Sook Fun.

Refer to the "General Information on our Group – Shareholders" section on pages 98 to 99 of the Offer Document for more information on our Controlling Shareholders.

HOW WAS OUR HISTORICAL FINANCIAL PERFORMANCE AND WHAT IS OUR CURRENT FINANCIAL POSITION?

Key profit and loss information

(S\$'000)	Audited			Unaudited	Audited	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

Refer to the "Selected Combined Financial Information" and "Management's Discussion and Analysis of Results of Operations and Financial Position" sections on pages 62 to 91 of the Offer Document for more information on our financial performance and position.

Key cash flows information

(S\$'000)	Audited			Unaudited	Audited
	FY2014	FY2015	FY2016	9M2016	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

Key balance sheet information

	Audited		Unaudited Pro Forma	
	As at 31 March 2016	As at 31 December 2016	As at 31 March 2016	As at 31 December 2016
(S\$'000)				
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) ⁽³⁾	5.24	3.81	2.39	4.65

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.
- (3) 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.

The most significant factors contributing to our financial performance for FY2016 were as follows:

- 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. 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. 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.
- Our profit before tax increased by S\$3.5 million or 92.9% from S\$3.7 million in FY2015 to S\$7.2 million in FY2016. The increase in profit before tax was in tandem with the increases in the overall revenue, the gross profit from the Engineering, Procurement and Construction segment of S\$1.5 million, the gross profit from the Operations and Maintenance segment of S\$3.4 million and other income of S\$0.08 million, offset by increases in administrative expenses of S\$1.3 million, other operating expenses of S\$0.2 million and finance costs of S\$0.1 million.
- In FY2016, our 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.
- As at 31 March 2016, equity attributable to owners of the Company amounted to S\$11.4 million.

The most significant factors contributing to our financial performance for 9M2017 were as follows:

- 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. 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.
- Our profit before tax increased by S\$0.2 million or 4.0% from S\$5.7 million in 9M2016 to S\$6.0 million in 9M2017. The increase in profit before tax was in tandem with the increase in the overall revenue, the gross profit from the Engineering, Procurement and Construction segment of S\$1.3 million and other income of S\$0.07 million, offset by the decrease in gross profit from the Operations and Maintenance segment of S\$0.9 million, an increase in other operating expenses of S\$0.2 million and finance costs of S\$0.08 million.
- In 9M2017, our 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.
- As at 31 December 2016, equity attributable to owners of the Company amounted to S\$8.3 million.

The above factors are not the only factors contributing to our financial performance in FY2014, FY2015, FY2016 and 9M2017. Please refer to the other factors set out in the “Management’s Discussion and Analysis of Results of Operations and Financial Position” section on pages 68 to 91 of the Offer Document.

INVESTMENT HIGHLIGHTS

WHAT ARE OUR BUSINESS STRATEGIES AND FUTURE PLANS?

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 the 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.

Refer to the “Prospects, Business Strategies and Future Plans – Business Strategies and Future Plans” section on page 133 of the Offer Document for more information on our strategies and future plans.

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 a 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.

WHAT ARE THE KEY TRENDS, UNCERTAINTIES, DEMANDS, COMMITMENTS OR EVENTS WHICH ARE REASONABLY LIKELY TO HAVE A MATERIAL EFFECT ON US?

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.

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.

Refer to the “Prospects, Business Strategies and Future Plans” section on pages 129 to 133 of the Offer Document for more information on our business and financial prospects.

(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 (the “**Employee Shares**”) 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. For further details on the listing expenses, please refer to the “Use of Proceeds from the Invitation and Listing Expenses Incurred” section of the Offer Document.

The above are not the only trends, uncertainties, demands, commitments or events that could affect us. Please refer to the other factors set out in the “Risk Factors”, “Management’s Discussion and Analysis of Results of Operations and Financial Position” and “Prospects, Business Strategies and Future Plans” sections on pages 39 to 54, 68 to 91 and 129 to 133 of the Offer Document.

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.

WHAT ARE THE KEY RISKS WHICH HAD MATERIALLY AFFECTED OR COULD MATERIALLY AFFECT US AND YOUR INVESTMENT IN OUR SECURITIES?

We consider the following to be the most important key risks which had materially affected or could materially affect our business operations, financial position and results, and your investment in our Shares.

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.

Refer to the “Risk Factors” section on pages 39 to 54 of the Offer Document for more information on the risk factors.

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.

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 the 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.

The above are not the only risk factors that had a material effect or could have a material effect on our business operations, financial position and results, and your Shares. Refer to “Risk Factors” section on pages 39 to 54 of the Offer Document for a discussion on other risk factors and for more information on the above risk factors. Prior to making a decision to invest in our Shares, you should consider all the information contained in the Offer Document.

WHAT ARE THE RIGHTS ATTACHED TO THE SECURITIES OFFERED?

As of the date of the Offer Document, our issued and paid up share capital was S\$10,255,352 consisting of 216,657,813 Shares.

We have only one class of shares, being ordinary Shares. The New Shares offered will have the same rights as our other existing issued and paid-up Shares, including voting rights. Subject to the Constitution of our Company, Shareholders will be entitled to all rights attached to their Shares in proportion to their shareholding, such as any cash dividends declared by our Company and any distribution of assets upon liquidation of our Company. There are no restrictions on the transferability 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.

Refer to “Appendix D – Description of our Shares” on pages D-1 to D-4 of the Offer Document for more information on the New Shares offered in the Invitation.

HOW WILL THE PROCEEDS OF THE OFFER BE USED?

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 listing 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
Total listing expenses	1.98	16.92
Gross proceeds from the Invitation	11.70	100.00

Refer to the “Use of Proceeds from the Invitation and Listing Expenses Incurred” section on pages 34 to 35 of the Offer Document for more information on our use of proceeds from the Invitation.

WILL WE BE PAYING DIVIDENDS AFTER THE OFFER?

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.

Refer to the “Dividend Policy” section on page 61 of the Offer Document for more information on our dividend policy.

DEFINITIONS

In this Product Highlights Sheet, unless the context otherwise requires, the following definitions apply:

“9M”	Nine months ended or ending 31 December, as the case may be
“Company”	Sanli Environmental Limited
“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
“Director”	A director of our Company as at the date of the Offer Document, unless otherwise stated
“Executive Officers”	The key executives of our Group as at the date of the 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
“FY”	Financial year ended or ending 31 March, as the case may be
“Group”	Our Company and our subsidiaries, Sanli Engineering and Sanli Malaysia
“Typha Holdings”	Typha Holdings Pte. Ltd.
“Invitation”	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 the Offer Document
“Latest Practicable Date”	1 May 2017, being the latest practicable date prior to the lodgement of the Offer Document with the SGX-ST acting as agent on behalf of the Monetary Authority of Singapore
“MOM”	Ministry of Manpower
“NEA”	National Environment Agency
“M&E”	Mechanical and electrical
“New Shares”	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 the Offer Document
“Period Under Review”	The period comprising FY2014, FY2015, FY2016 and 9M2017
“PUB”	Public Utilities Board
“Sanli Engineering”	Sanli M&E Engineering Pte. Ltd.
“Sanli Malaysia”	Sanli M&E Engineering Sdn. Bhd.
“SGX-ST” or “Exchange”	Singapore Exchange Securities Trading Limited
“Shareholders”	Registered holders of Shares, except where the registered holder is The Central Depository (Pte) Limited, the term “Shareholders” shall, in relation to such Shares, mean the depositors whose securities accounts are credited with Shares
“Shares”	Ordinary shares in the capital of our Company

CONTACT INFORMATION

WHO CAN YOU CONTACT IF YOU HAVE ENQUIRIES RELATING TO OUR OFFER?

HOW DO YOU CONTACT US?

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 the Offer Document.

