SOON LIAN HOLDINGS

INSPIRING PARTNERSHIPS
GROWING POSSIBILITIES

順聯控股有限公司
SOON LIAN HOLDINGS LIMITED

ANNUAL REPORT 2017

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this annual report. This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report. The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building Singapore 048544, telephone (65) 6636 4201.

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VISION

Inspiring Partnerships,
Growing Possibilities

MISSION

We deliver unrivalled aluminium solutions,
igniting possibilities for partners worldwide

COMPANY PROFILE

Listed on the SGX Catalist in 2007, Soon Lian Holdings Limited (the "**Group**" or "**Soon Lian**") is a specialist supplier of aluminium alloy product with an established track record of 35 years. The beginnings of the Group started with Soon Lian Hardware (Pte) Ltd. Founded in 1983, it occupied a 218 sq m office-cum store in Balestier. Growing steadily, it laid the basis for the establishment of the Group which is now an international supplier with operations and warehouses in Singapore, China, Malaysia and Taiwan. Soon Lian has also expanded its customer base, building a diversified clientele of over 1,000 customers in more than 15 countries, including Australia, Hong Kong, India, Indonesia, Malaysia, Philippines, People's Republic of China, Singapore, South Korea, Taiwan, Thailand, UAE and Vietnam.

At Soon Lian, we supply a comprehensive range of over 1,300 different aluminium alloy products in a wide spectrum of specifications and dimensions, mainly to the marine, precision engineering and semiconductor industries. We also supply to other aluminium stockists and traders as well as customers in other industries. We are equipped with unique CNC (Computer Numerical Control) plasma cutting system, CNC high precision bandsaw and custom-designed vertical saw which enables us to cut the aluminum alloy products into various forms and end dimensions in compliance to specifications laid down by our customers.

We source our inventories of aluminium alloy products from reputable suppliers in countries such as Austria, Greece, Italy, Japan, Malaysia, People's Republic of China, Singapore, South Africa, Taiwan and USA. Our major suppliers such as Arconic, Aleris, AMAG, Elval, Hulamin, Kobelco and Slim are amongst the largest manufacturers of aluminium alloy products in the world. As an endorsement of our quality management system, we were awarded the ISO 9001 certification in April 2002.

We were awarded Enterprise 50 Award Winner 2007 by Accenture and The Business Times on 23 November 2007. We have also been listed as a Singapore 1000 company by DP Information Group and their partners Ernst & Young Solutions, ACRA, IDA Singapore, IE Singapore, SPRING Singapore and Singapore Business Federation (SBF) since 2009. Soon Lian further distinguished its reputation with the garnering of the SPBA-Heritage Brands Award in 2014. This award is a tribute to time honoured home-grown brands that have cultivated exceptional brand practices for more than 25 years. These accolades are a clear recognition of our growth and regionalisation efforts made over the years.

PARTNERSHIP

Spanning decades across the globe, the bonds we have forged have stood the test of time. Like aluminium, our ties are strong yet flexible. We stretch ourselves to match the industry's pace, constantly collaborating and growing to succeed together. Our core is aluminium, but our strength is partnership.

BUSINESS SEGMENTS AND INDUSTRIES

Marine

Products used in shipbuilding - hulls, decks, superstructures and cabins of light crafts such as catamarans, pleasure crafts and patrol boats.

Precision Engineering

Precision parts for electronic equipment, precision instruments, medical instrumentation, semiconductor equipment, automated assembly lines, pharmaceutical machinery and robotics.

Oil and Gas

Products used in offshore oil and gas industry as crew boats and rescue boats.

Others

High strength items in aircraft industries, oil tankers, automotive parts, rail coaches, truck frames, bridges and towers.

INTEGRITY

We are not about grand promises. Or big words.
We are about simplicity and honesty. Our words are always backed by results. We take responsibility and ensure every commitment is precisely delivered

LETTER TO SHAREHOLDERS

Tony Tan Yee Chin
Chairman and CEO

Dear Shareholders,

I am pleased to share our performance for the financial year ended 31 December 2017 ("**FY2017**"). FY2017 was a year of changing tides with the macroeconomic setting exhibiting greater stability which we have been quick to leverage on and deliver a modest set of results.

A key factor behind the improving results across various industries is the gradual stabilisation of oil prices. In the past three years, large fluctuations of oil prices have largely subsided. This stability in turn translates to wider industry confidence and fuels spending across the board.

An indicator of oil prices stabilising is how more global oil and gas firms expect to increase capital spending this year as confidence builds. Det Norske Veritas, a technical advisor to the energy sector, conducted a survey among 813 senior oil and gas professionals of which 66% said that their company would maintain or increase capital spending this year. In addition, the report stated that confidence in the industry is expected to grow to 63% this year from 32% last year.[1]

Another indicator is that of the shipping industry which is showing signs of exiting the doldrums with orders for newbuilds beginning to build momentum. From our perspective, the recovering oil and gas prices have put the wind in the sails of our marine segment. The steady flow of new orders boosted revenue from the segment by approximately 38.5% in FY2017.

Meanwhile, our precision engineering segment maintained its steady performance and reported a 7.6% growth in sales for FY2017. In line with the growth of the industry, the Singapore Economic Development Board reported that on a year-on-year basis, Singapore's manufacturing output increased 17.9% in January 2018 with the precision engineering sector expanding by 24.5%.[2]

Key Developments

We have come a long way from our humble beginnings 35 years ago and continually look for new ways to further establish our position as one of the leading aluminium alloy product providers. To that effect, we have launched a rebranding exercise on 28 February 2018 with a central theme of 'Trust' that encapsulates our core values.

The rebranding modernises and streamlines the way we present the Group especially as we expand regionally and internationally. We have also changed our subsidiaries' names, abbreviating the 'Soon Lian' to 'SL' to better reflect our identity today. These, along with our revamped mission, vision and overall positioning, will set the right tone when building new relationships and strengthening existing ties.

[1] https://www.reuters.com/article/us-oil-gas-spending/more-oil-and-gas-firms-expect-to-hike-capital-spending-in-2018-survey-idUSKBN1FE003

[2] https://www.edb.gov.sg/content/dam/edbsite/news-and-resources/news/monthly-manufacturing-performance/jan2018-mthly-mfg-performance-media-release.PDF

At Soon Lian, we are always ready to embrace change. In addition to a new corporate identity, we are also changing where we work. As part of our efforts to streamline our operations, we have sold our existing premises at 9 Tuas Avenue 2, Singapore 639449 on 4 January 2018. We have also entered into a sale and purchase agreement in relation to the proposed purchase of a property at 6 Tuas Lane, Singapore 638615.

A key benefit from the sale and relocation would be a significant reduction in our gearing. This would make us more agile in redirecting resources and efforts to the challenges and opportunities that may arise in the coming financial year.

In FY2017, the need for change extended beyond our borders. After an in-depth management review, we decided to streamline our operations in China, a move which involved closing a subsidiary in Shenzhen. While the benefits may not be immediately apparent, the move should result in greater operational efficiency and unlocking of value in the long term.

Outlook

Moving forward, we anticipate that the global economy will continue its steady recovery in 2018. The International Monetary Fund ("**IMF**") projected that global growth in 2017 will rise to 3.7% followed by an increase to 3.9% for 2018 and 2019. It stated that the global pickup in growth was broad-based with notable upsides in Europe and Asia. The IMF added that the recent US tax policy changes are expected to stimulate activity and estimated to remain positive through 2020. Risks to global growth forecast appear broadly balanced in the near term and the cyclical rebound could be stronger as the pickup in activity and better financial conditions reinforce each other.[3]

For a more regional perspective, the IMF projected the Asia and Pacific region's output to grow by 5.6% in 2017 and 5.5% in 2018. The growth will be largely driven by strong consumption and investment and the region is considered to be in a favourable position. Persistent challenges include geopolitical tensions, sudden capital outflows, shifts toward inward-looking policies, policy uncertainty, and a sharp adjustment in China. In addition, the region continues to face serious longer-term challenges including population aging and lagging productivity.[4]

In Singapore, the Ministry of Trade and Industry ("**MTI**") reported that the country's GDP grew by 3.6% in 2017. The largest contributor was the manufacturing sector which expanded by 10.1% as compared to the 3.7% growth in 2016. The growth was driven by electronics and precision engineering clusters.[5]

For the following year, the MTI anticipated that the Singapore economy to remain firm and grow between 1.5% and 3.5% percent. A large segment of this growth will be fuelled by the manufacturing sector, in particular, the electronics and precision engineering clusters will likely continue to expand and support the overall GDP growth.[5]

Weighing the above alongside our experiences to-date, we foresee that the Group's revenue will have equal contribution from both our marine and precision engineering segments as the former gains greater traction. We will continue to tap on our established expertise and portfolio to grow and strengthen existing networks while making further inroads into new markets and reaching out to new customers.

Conclusion

FY2017 had been a reassuring one. We gained newfound confidence in our ability to stay agile and nimble, putting our words into action and capitalising on the changing landscape to deliver value to our stakeholders. As we continue to ride the tide of improving global economic conditions and steer the Group to optimal outcomes, we stay true to our goal of continuing to unlock sustainable value.

Our achievements for the year were made possible due to our various strengths and in particular, our cohesive teamwork. On behalf of the board of directors, I would like to thank our business partners and associates for their ongoing support and trust in us. Credit is also due to the management and staff for their quick thinking and action that enabled us to swiftly adapt to the various scenarios we faced and emerge stronger. Lastly, I would also like to thank you, our shareholders, for your ongoing support and belief in us.

We at Soon Lian are optimistic about the future as our strengths are already in place and have been tried and tested through the years. As we look to the horizon, we are clear on our mission to deliver unrivalled aluminium solutions and ignite possibilities for our partners worldwide. We will be resolute to achieve our vision of inspiring partnerships and growing possibilities.

Tony Tan Yee Chin
Chairman and CEO

[3] https://www.imf.org/en/Publications/WEO/Issues/2018/01/11/world-economic-outlook-update-january-2018

[4] http://www.imf.org/en/Publications/REO/APAC/Issues/2017/10/09/areo1013

[5] https://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-2017/PR_4Q17.pdf

GEOGRAPHICAL PRESENCE

Supplier Base

AUSTRIA
GREECE
INDONESIA
ITALY
JAPAN
MALAYSIA
PEOPLE'S REPUBLIC OF CHINA
ROMANIA
RUSSIA
SOUTH AFRICA
SWITZERLAND
TAIWAN
THE NETHERLANDS
UK
USA

Customer Base

AUSTRALIA
BANGLADESH
BRUNEI
HONG KONG
INDIA
INDONESIA
JAPAN
MALAYSIA
NEW ZEALAND
PHILIPPINES
PEOPLE'S REPUBLIC OF CHINA
SINGAPORE
SOUTH AFRICA
SOUTH KOREA
SRI LANKA
SWITZERLAND
TAIWAN
THAILAND
UAE
VIETNAM

GEOGRAPHICAL PRESENCE

REFINING OUR CAPABILITIES & STRENGTHS

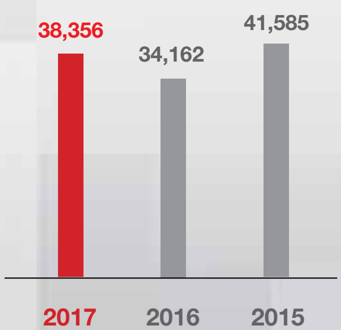
Ever in pursuit of higher levels of excellence in all aspects of our work, we seek improvement in the way things are done, applying ever greater levels of efficiency and productivity that translates into better returns.

FINANCIAL HIGHLIGHTS

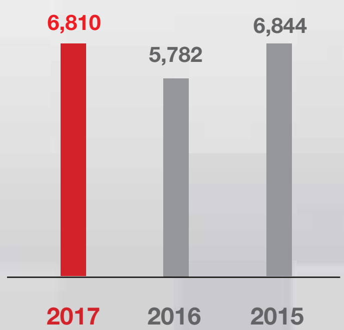
INCOME STATEMENT	FY2017 S$'000	FY2016 S$'000
Revenue	38,356	34,162
Gross profit	6,810	5,782
Profit (loss) before tax	1,850	(2,265)
Income tax expense	(298)	(168)
Profit (loss) after tax	1,552	(2,433)
Eamings (loss) per share (in cents)	1.44	(2.25)

BALANCE SHEET	As at 31 December 2017 S$'000	As at 31 December 2016 S$'000
Non-current assets	2,998	24,572
Current assets	62,076	34,141
Total assets	65,074	58,713
Total equity	29,150	27,628
Non-current liabilities	2,596	13,285
Current liabilities	33,328	17,800
Total liabilities	35,924	31,085
Total equity and liabilities	65,074	58,713
Net asset value per share (in cents)	27.0	25.6

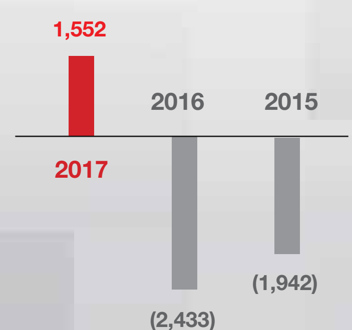
Revenue (S$'000)



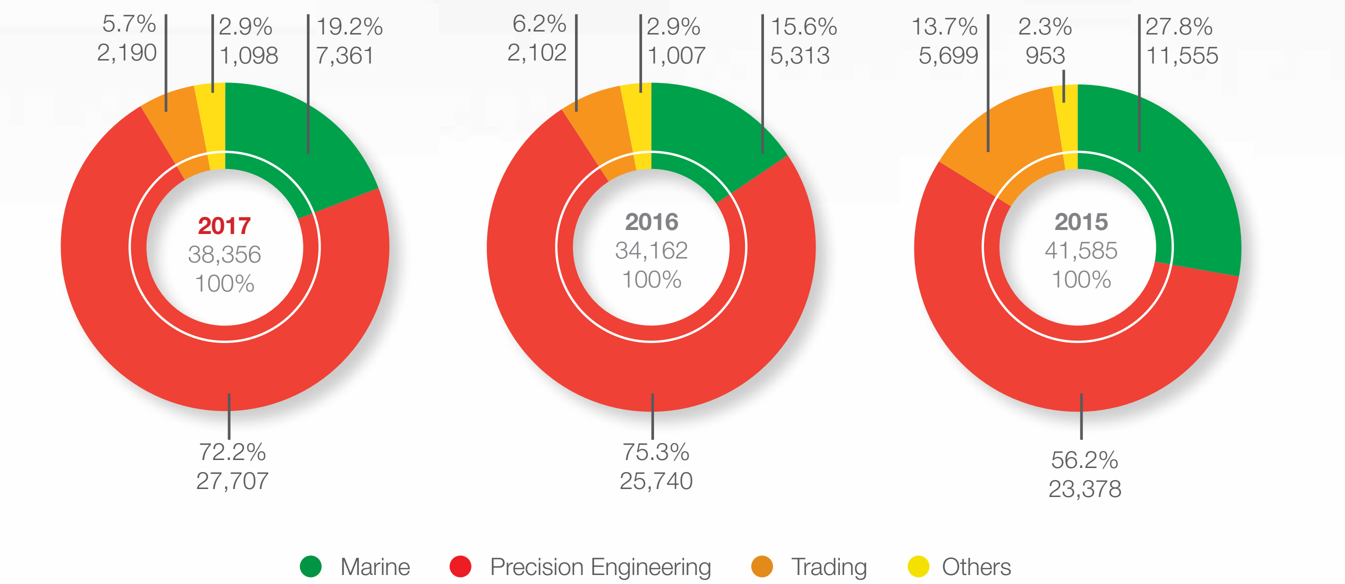
Gross Profit (S$'000)



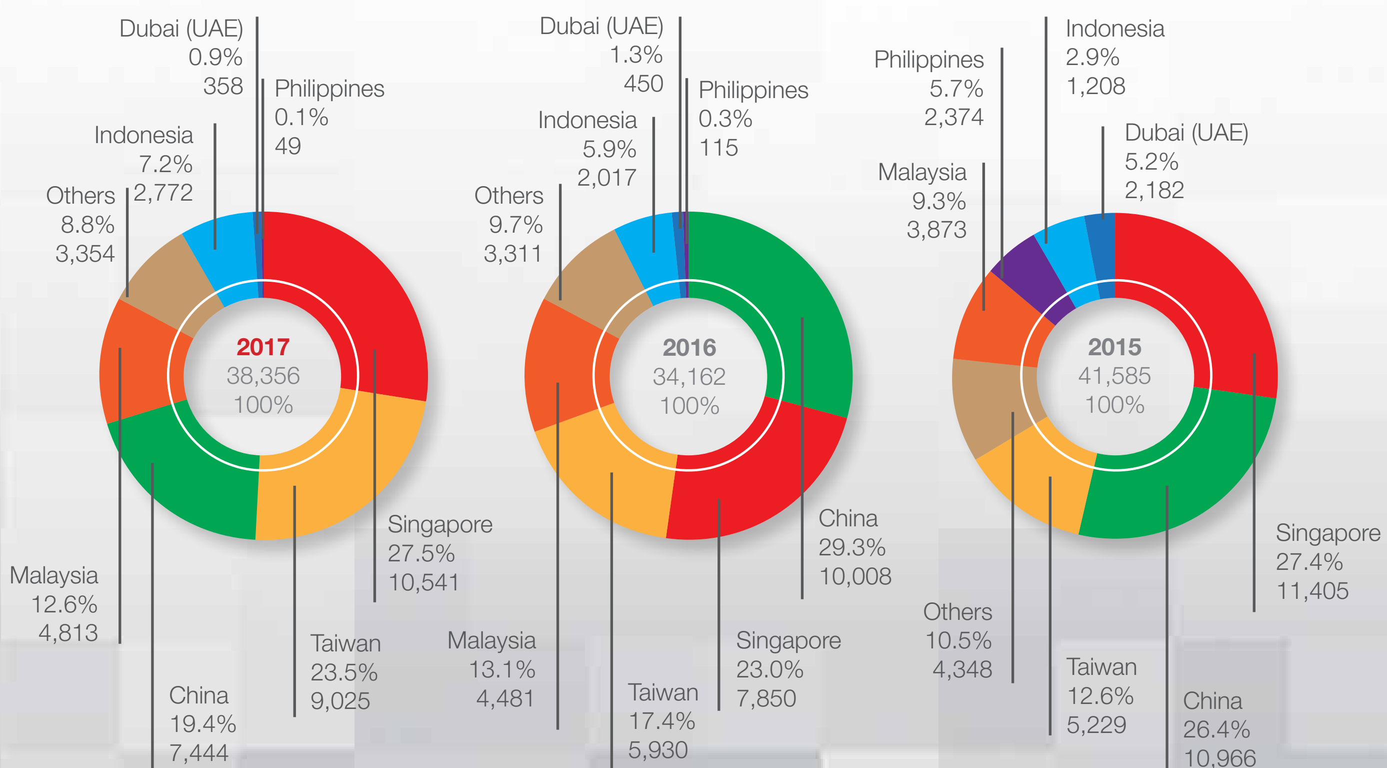
Net Profit / (Loss) After Tax (S$'000)



Revenue (By Operating Segment)
(S$'000) (%)



Revenue (By Geographical Segment)
(S$'000) (%)



OPERATIONS AND FINANCIAL REVIEW

Business Overview

We are a specialist supplier of over 1,300 different aluminium alloy products in a wide spectrum of specifications and dimensions, focusing on the marine and precision engineering industries as well as the semi-conductor industry. We also supply aluminium alloy products to other aluminium stockists and traders, as well as customers in other industries.

We provide customised products as part of our value-added services and we employ several processing systems such as unique CNC (Computer Numerical Control) plasma cutting system, CNC high precision bandsaw and custom-designed vertical saw which are able to cut aluminium alloy products into various forms and dimensional specifications, according to each individual customer's specific requirements. Such value-added services enable customers to focus on their core competencies in shipbuilding and/or precision engineering, and reduce or avoid additional investments in specialised machines and equipment.

Marine

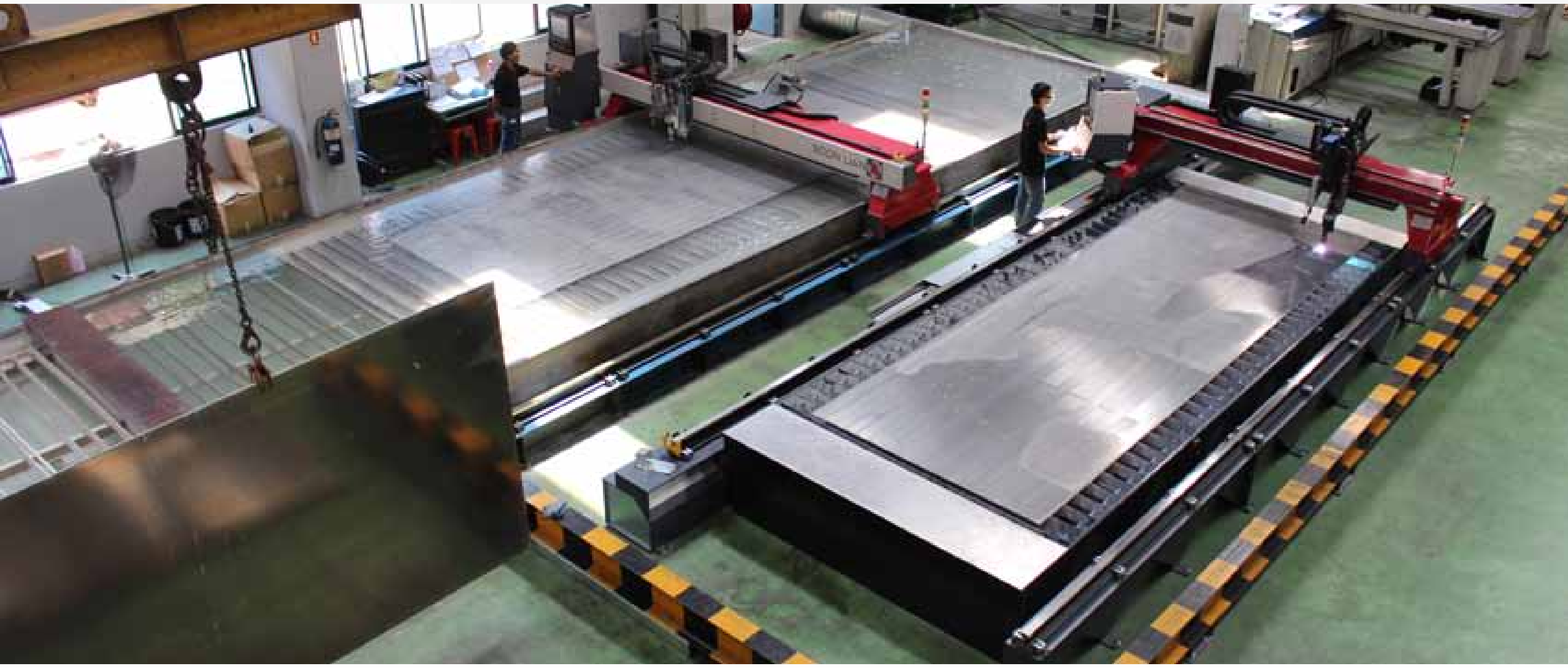
Our aluminium alloy products have a wide range of properties required for marine applications. Sold mainly to shipbuilders, they are used in the hulls, decks, superstructures and cabins of light crafts such as catamarans, pleasure crafts, crew boats, rescue boats and patrol boats. The hulls of ships are typically built using aluminium alloy plates as they are resistant to seawater corrosion. Meanwhile, the superstructures of ships are generally built with aluminium alloy extrusion products such as rods, bars, tubes and extruded profiles, due to their high tensile strength.

We expanded our material range to include aluminium alloy piping systems covering a wide array of elbows, flanges, reducers, and tees which are not commonly available. We also supply aluminium honeycomb products used in ship cabin interior fittings, such as partitions, cabinets and other cabin furniture. All our aluminium alloy products are accompanied by certificates issued by manufacturers. To ensure product quality of the aluminium alloy materials supplied to the marine sector, we engage independent third-party certification bodies such as ABS, BV, DNV, Lloyd's to conduct periodic inspections of our marine sector products and issue the requisite inspection certificates.

Precision Engineering

The aluminium alloy products we supply to the precision engineering industry are manufactured or machined into components which are then assembled into precision instruments, equipment for semiconductor manufacturing and automated assembly lines.

OPERATIONS AND FINANCIAL REVIEW



Our wide range of quality aluminium alloy products are sourced from established manufacturers whose products have tight dimensional tolerance, do not distort during intricate machining operations, have good surface finishing and can be easily cut, drilled and machined by standard equipment.

Stockists and Others

Our diversified customer base also includes trading companies comprising other aluminium alloy stockists, construction companies and companies in the oil and gas industry.

Operational Highlights

For the financial year ended 31 December 2017 ("**FY2017**"), the Group recorded a 12.3% growth in revenue to S$38.4 million. The increase was driven by stronger demand for our products across all business segments.

In comparison to the financial year ended 31 December 2016 ("**FY2016**"), FY2017 saw a steady return of confidence in the marine industry as oil prices show signs of greater stability. Revenue for our marine segment climbed 38.5% to S$7.4 million in FY2017 from S$5.3 million in FY2016 with the bulk of demand from our overseas customers. As such, the marine segment's contribution to the Group's total revenue rose from 15.6% in FY2016 to 19.2% in FY2017.

Our precision engineering segment also saw higher sales due to higher demand, recording a revenue of S$27.7 million in FY2017, as compared to S$25.7 million in FY2016. The precision engineering segment contributed to 72.2% of the Group's total revenue in FY2017, as compared to 75.3% in FY2016.

Sales to stockists and traders saw moderate growth in demand from overseas customers, nudging revenue for the segment to increase by S$0.1 million or 4.2%, from S$2.1 million in FY2016 to S$2.2 million in FY2017.

In terms of geographic contribution, the Group saw the highest contributor to revenue swinging back to Singapore at 27.5%. In FY2016, the majority of our revenue was from China which has since shifted to become the third largest contributor at 19.4%. Our second largest contributor of revenue was Taiwan at 23.5%.

OPERATIONS AND FINANCIAL REVIEW

Financial Review

For FY2017, the Group's 12.3% increase in revenue to S$38.4 million had resulted in a 17.8% increase in the Group's gross profit, from S$5.8 million in FY2016 to S$6.8 million in FY2017. Our gross profit margin also improved, from 16.9% in FY2016 to 17.8% in FY2017. This was mainly attributed to a marginal increase in the average selling price of our products.

The Group also saw an increase in other gains which rose to S$2.3 million in FY2017 from S$0.3 million in FY2016 largely due to the gain on disposal of the Group's property at 9 Tuas Avenue 2, Singapore 639449 which was completed on 4 January 2018, coupled with foreign exchange adjustment gains of S$0.2 million and reversals of impairment on trade receivables and inventories of S$0.2 million and S$0.1 million respectively.

We were able to keep our distribution costs consistent at S$0.7 million, which was the same as FY2016.

Administrative expenses increased slightly by 6.6%, from S$4.6 million in FY2016 to S$4.9 million in FY2017 mainly due to higher staff costs and executive directors' remuneration of S$0.2 million and S$0.1 million respectively.

Finance costs remain unchanged at S$0.9 million for both FY2017 and FY2016.

Other losses improved substantially, decreasing by 63.0% to S$0.8 million in FY2017 from S$2.1 million in FY2016. Other losses in FY2017 comprised mainly allowance for impairment on inventories and trade receivables of S$0.3 million and S$0.1 million respectively, and a write off for plant and equipment of S$0.4 million.

Taking into account the abovementioned factors, the Group posted a profit before tax of S$1.9 million in FY2017, which was a notable improvement as compared to a loss before tax of S$2.3 million in FY2016.

We also continued to maintain a positive working capital position of S$28.7 million as at 31 December 2017.

Market Outlook

In the current financial year, the global economic upswing is expected to build momentum and benefit most economies. The International Monetary Fund ("**IMF**") stated in its January 2018 World Economic Outlook Update report that it anticipates a 6.5% growth for emerging and developing Asia in 2018 and 2019. The region accounts for over half of the world's growth and was given a similar estimate for 2017. The IMF added that growth is expected to (i) moderate gradually in China; (ii) pick up in India; and (iii) remain broadly stable in the ASEAN-5 region.[1]

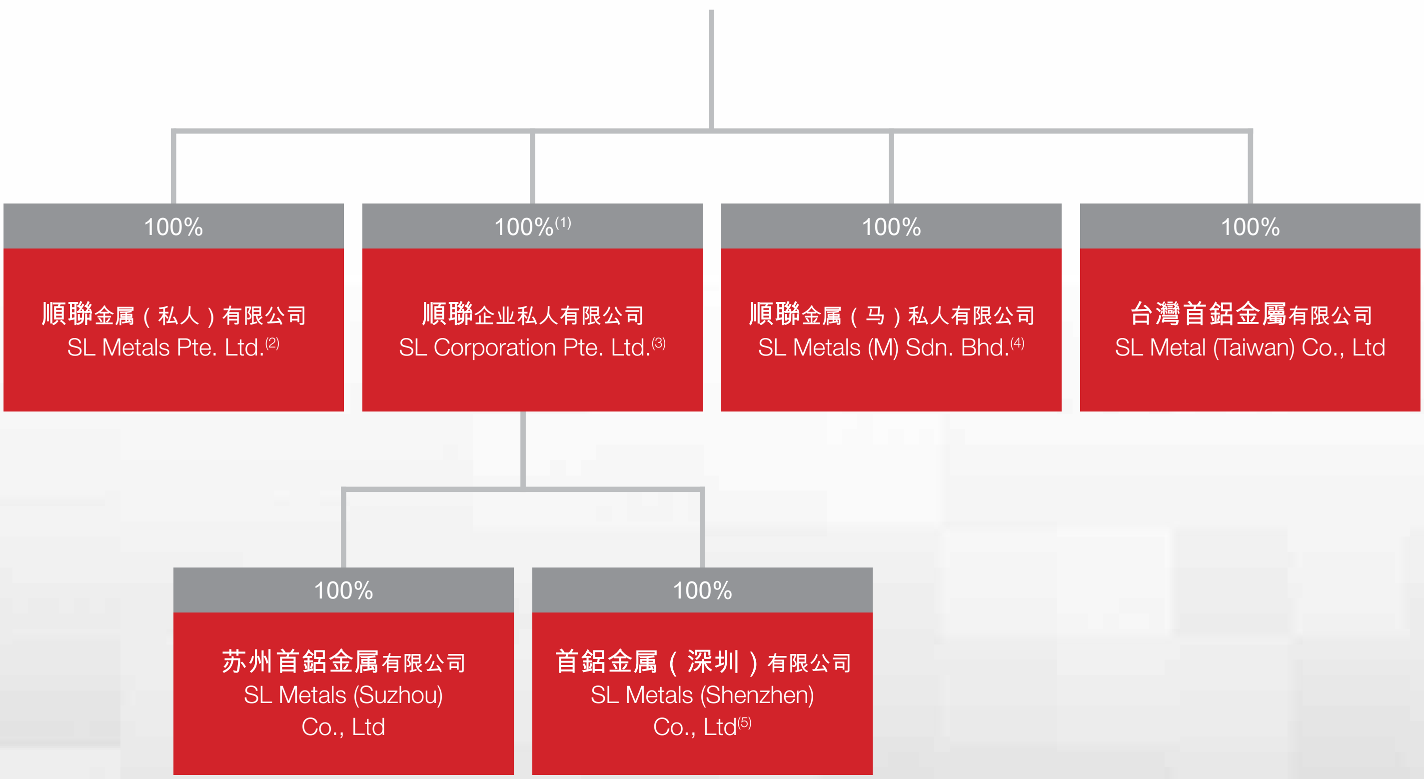
Meanwhile, the Monetary Authority of Singapore's survey with economists and analysts in December 2017 revealed that 47% of the polled analysts believed that the electronics sector presents a strong potential upside for the Singapore economy. This was followed closely by external growth which was cited by 40% of the respondents. However, the top three downside risks remain unchanged. The slowdown in Chinese economy, geopolitical uncertainty in North Korea and the Middle East, as well as global trade protectionism continue to be major concerns.[2]

While we are also optimistic of the current financial year, we will maintain a cautious approach and stringent risk management as we explore new opportunities and manage the new challenges.

[1] https://www.imf.org/en/Publications/WEO/Issues/2018/01/11/world-economic-outlook-update-january-2018

[2] http://www.mas.gov.sg/~/media/MAS/News%20and%20Publications/Surveys/Survey%20of%20Professional%20Forecasters/2017/Survey%20Writeup%20Dec2017.pdf

CORPORATE STRUCTURE



Notes:

(1) The Company holds 100% interest in the subsidiary with effect from 26 February 2018

(2) Formerly known as Soon Lian Hardware (Pte.) Ltd.

(3) Formerly known as Soon Lian Corporation Pte. Ltd.

(4) Formerly known as Soon Lian Hardware (M) Sdn. Bhd.

(5) In the process of a members' voluntary winding up

EXCELLENCE

The goodwill and reputation we have gained over the years is anchored on our dedication to excellence. We benchmark ourselves against world-class standards. Always learning and progressing to make possibilities of the future a reality today.

BOARD OF DIRECTORS

1 Tan Siak Hee
2 Tan Yee Chin
3 Tan Yee Leong
4 Yap Kian Peng
5 Tan Yee Ho
6 Lee Sen Choon

BOARD OF DIRECTORS

TAN YEE CHIN

Chairman and Chief Executive Officer

Tan Yee Chin, our Chairman and Chief Executive Officer, is responsible for the overall management, operations, charting and reviewing of corporate directions and strategies of our Group. He has over 30 years of experience in the aluminium alloy products industry and has been instrumental in growing the business of our Group. Tan Yee Chin started his career with our Group in 1984, focusing on sales to local customers and progressing to overseas sales in 1988. During the period from 1995 to 2002, he was also involved in managing the businesses of Concentrate Engineering Pte. Ltd. and Concentrate Engineering (M) Sdn. Bhd., companies wholly-owned by Tan Yee Chin and his family. He oversaw the operations of both companies which were engaged in the business of manufacturing and trading of cement bricks and clay bricks.

TAN YEE HO

Executive Director

Tan Yee Ho, our Executive Director, is responsible for overseeing our sales and marketing initiatives in Singapore and overseas markets, as well as business development initiatives. He has over 30 years of experience in the aluminium alloy products industry and has been instrumental in expanding our Group's businesses in the various overseas markets. Tan Yee Ho has been with our Group since we commenced our operations in 1984 and was primarily responsible for sales and procurement. As our overseas market expanded, he relinquished his responsibilities in procurement to Tan Yee Leong in 1995 to focus on sales and marketing.

TAN YEE LEONG

Executive Director

Tan Yee Leong, our Executive Director, oversees the procurement of our Group. He also assists our Executive Director, Tan Yee Ho, in servicing the accounts of some local and overseas customers to keep abreast of the developments and trends in customers' demands. He has been with our Group since we commenced operations in 1984 and was primarily responsible for the operations of the Group. His responsibilities expanded to include overseeing our Group's procurement function in 1995.

BOARD OF DIRECTORS

LEE SEN CHOON
Lead Independent Director

Lee Sen Choon was appointed as the Lead Independent Director of our Company on 31 October 2007. He is currently a senior partner of Messrs UHY Lee Seng Chan & Co., a public accounting firm in Singapore. He has more than 30 years of experience in accounting, audit, taxation and corporate secretarial work. Lee Sen Choon was formerly the chairman of the board of directors of Singapore Chinese High School and the treasurer of the board of governors of Hwa Chong Institution. He is currently the chairman of the school advisory committee of Xingnan Primary School. In addition, he is an independent director of Best World International Limited and Hor Kew Corporation Limited, companies listed on the Mainboard of the Singapore Exchange. Lee Sen Choon is a fellow member of the Institute of Chartered Accountants in England and Wales and a practising member of the Institute of Singapore Chartered Accountants. Lee Sen Choon holds a Bachelor of Science (Honours) degree from the then Nanyang University and has a post-graduate diploma in Management Studies from the University of Salford, United Kingdom.

TAN SIAK HEE
Independent Director

Tan Siak Hee was appointed as an Independent Director of our Company on 31 October 2007. He has been the sole-proprietor of Messrs S H Tan & Associates, a law firm in Singapore, for the past 33 years. Tan Siak Hee is an Advocate and Solicitor of the Supreme Court of Singapore and a Commissioner for Oaths and Notary Public. Tan Siak Hee holds a Bachelor of Laws (Honours) degree from the University of London and is a Barrister-at-law from Lincoln's Inn, London, United Kingdom. He holds a Graduate Certificate in International Arbitration from the National University of Singapore. He is a fellow of the Singapore Institute of Arbitrators and a fellow of the Chartered Institute of Arbitrators based in London. He is a member of the Lincoln's Inn, Law Society of Singapore and Singapore Institute of Directors. He also holds a Master of Arts degree from Kelaniya University.

YAP KIAN PENG
Independent Director

Yap Kian Peng was appointed as an Independent Director of our Company on 31 October 2007. Since 2005, he has been the executive director of Capital Equity Holdings Pte Ltd, a private equity investment company. Yap Kian Peng has business interests in food and beverage and property development. From 2004 to 2010, he was the executive director of CKG Chemicals Pte Ltd. He was employed by Maybank from 2001 to 2004, initially as a senior business development manager and subsequently promoted to be the team head of the trade finance business development group in Maybank. From 1998 to 2000, Yap Kian Peng was a director of You Yi Glass Contractor Pte Ltd, a company engaged in the business of trading in glass sheets. He joined Oversea-Chinese Banking Corporation Limited in 1992 and when he left in 1998, he was an assistant manager at the bank. Yap Kian Peng graduated from RMIT University, Australia, with a Bachelor Degree in Business (Business Administration). He is currently the executive deputy chairman and chief executive officer of Jackspeed Corporation Limited, a company listed on the Mainboard of the Singapore Exchange. He is also an independent director and the chairman of the audit committee of M Development Limited and Seroja Investment Limited, companies listed on the Mainboard of the Singapore Exchange.

NG KIM YING

Chief Financial Officer

Ng Kim Ying, our Chief Financial Officer, oversees our Group's financial reporting and is responsible for the overall financial management of our Group. She has over 30 years of experience in finance, accounting and audit and has direct working experience in accounts preparation under the Singapore Finance Reporting Standards. Prior to joining us in 1999, she was the financial controller of Chuan Soon Huat Industrial Group Ltd, a company listed on the Singapore Exchange, from 1994 to 1998 where she oversaw the financial and accounting matters of the company. Between 1981 and 1994, she was an auditor at Lee Seng Chan & Company, a local accounting firm. Ng Kim Ying holds a Bachelor of Commerce (Accountancy) from the then Nanyang University. She is a fellow Chartered Accountants with the Institute of Singapore Chartered Accountants.

LIM HENG MIN

General Manager (Corporate)

Lim Heng Min, our General Manager, Sales & Marketing, was redesignated to General Manager (Corporate) in August 2017, and his scope of work and responsibilities remain unchanged. Mr Lim is responsible for overseeing and managing the local and overseas sales function, as well as business development activities in overseas markets. He has more than 25 years of experience in a wide diverse field covering facilities, project as well as construction management and has held senior management roles with Basis Bay, Johnson Controls @Rolls Royce Group Property, United Premas Ltd, PMB Pte Ltd and M+W Zander (S) Pte Ltd. He holds a Bachelor of Science in Facilities Management from Heriot Watt University and a Specialist Diploma in Business Administration from BCA Academy (the education and research arm of the Building and Construction Authority). He is also awarded the Project Management Professional certification from the Project Management Institute and the Certified Data Center Professional certification from EPI.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Yee Chin
Chairman and Chief Executive Officer
Tan Yee Ho
Executive Director
Tan Yee Leong
Executive Director
Lee Sen Choon
Lead Independent Director
Tan Siak Hee
Independent Director
Yap Kian Peng
Independent Director

AUDIT COMMITTEE

Lee Sen Choon
Chairman
Tan Siak Hee
Yap Kian Peng

NOMINATING COMMITTEE

Tan Siak Hee
Chairman
Lee Sen Choon
Yap Kian Peng

REMUNERATION COMMITTEE

Yap Kian Peng
Chairman
Lee Sen Choon
Tan Siak Hee

REGISTERED OFFICE AND BUSINESS ADDRESS

9 Tuas Avenue 2
Singapore 639449
Tel: + (65) 6261 8888
Fax: + (65) 6862 6888
Email: irelations@soonlian.com
Website: www.soonlian.com

COMPANY SECRETARY

Ng Kim Ying, FCA Singapore

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road
#02-00
Singapore 068898

AUDITORS

RSM Chio Lim LLP
(a member of RSM International)
8 Wilkie Road, #04-08
Wilkie Edge
Singapore 228095

AUDIT PARTNER-IN-CHARGE

Lee Mong Sheong
(Chartered Accountant Singapore,
a member of the Institute
of Singapore Chartered Accountants)
Effective from financial year
ended 31 December 2013

SPONSOR

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CORPORATE GOVERNANCE REPORT AND FINANCIAL STATEMENTS

CORPORATE GOVERNANCE REPORT

Soon Lian Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining high standards of corporate governance to protect the interests of its shareholders ("**Shareholders**") and enhance Shareholders' value and corporate transparency.

This report describes the Company's corporate governance processes and activities with specific references to the principles and guidelines of the Singapore Code of Corporate Governance 2012 (the "**Code**").

The board of directors (the "**Board**" or "**Directors**") of the Company confirms that, for the financial year ended 31 December 2017 ("**FY2017**"), the Company has generally adhered to the principles and guidelines set out in the Code. Where there are deviations from the Code, appropriate explanations are provided.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board's primary role is to protect and enhance long-term Shareholders' value. The principal functions of the Board include setting the Company's strategic plans, values and standards, reviewing the performance of the management of the Company (the "**Management**") and ensuring the implementation of appropriate control systems to manage the Group's business and financial risks.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

To assist in the execution of its responsibilities, the Board has established three Board committees, namely the Nominating Committee ("**NC**"), the Remuneration Committee ("**RC**") and the Audit Committee ("**AC**") (collectively, the "**Board Committees**"). Each Board Committee is empowered to make decisions on matters within its own defined terms of reference and operating procedures. The terms and effectiveness of each Board Committee is also reviewed by the Board on a regular basis. Minutes of all Board Committees will be circulated to the Board so that the Directors are aware of and kept updated as to the proceedings and matters discussed during the Board Committees' meetings.

The Board meets on a regular basis to approve, amongst others, the Group's financial results announcements. Ad-hoc meetings are held at such times, as and when required, to address any specific significant matters which may arise. The Constitution of the Company (the "**Constitution**") provides for the Directors to convene meetings other than physical meetings, by teleconferencing.

Details of the Directors' attendances at the Board and Board Committee meetings held during FY2017 are set out below:

DIRECTORS	BOARD		AC		NC		RC	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Tan Yee Chin	3	3	2	2*	1	1*	3	3*
Tan Yee Ho	3	3	2	2*	1	1*	3	3*
Tan Yee Leong	3	3	2	2*	1	1*	3	3*
Lee Sen Choon	3	3	2	2	1	1	3	3
Tan Siak Hee	3	3	2	2	1	1	3	3
Yap Kian Peng	3	3	2	2	1	1	3	3

* By invitation

The matters requiring the Board's approval include, amongst others, major investments and divestments, material contracts, bank borrowings, major capital expenditure and major funding proposals.

New appointments to the Board will receive a formal appointment letter setting out their duties and obligations. New appointments to the Board will also be briefed by the Management or any such appropriate persons on the Group's business operations and governance practices to ensure that new Directors have an insight into the workings of the Group. For first-time Directors, the Company will arrange for them to attend relevant training in relation to the roles and responsibilities of a director of a listed company and in areas such as accounting, legal and industry specific knowledge as appropriate. The training of Directors will be arranged and funded by the Company. No new Director was appointed to the Board in FY2017.

During the financial year reported on, all Directors had received updates (i) on changes to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**"); and (ii) on developments in financial reporting and governance standards, where relevant, by the external auditors of the Company, so as to enable them to make well-informed decisions and to properly discharge their duties as Directors. Directors are encouraged to constantly keep abreast of development in regulatory, legal and accounting frameworks and regulations that are of relevance to the Group through participation in seminars and workshops, which will be funded by the Company.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

There is a strong and independent element on the Board. As at the date of this report, the Board consists of the following six members:

Executive Directors

Tan Yee Chin	(Chairman and Chief Executive Officer)
Tan Yee Ho	(Executive Director)
Tan Yee Leong	(Executive Director)

Non-Executive Directors

Lee Sen Choon	(Lead Independent Director)
Tan Siak Hee	(Independent Director)
Yap Kian Peng	(Independent Director)

As the Chairman of the Board and the Chief Executive Officer ("**CEO**") of the Company is the same person, the Company has satisfied the requirement of the Code that at least half of the Board consists of Independent Directors. Each of Lee Sen Choon, Tan Siak Hee and Yap Kian Peng holds 50,000 ordinary shares in the capital of the Company. Save for the above, Lee Sen Choon, Tan Siak Hee and Yap Kian Peng have confirmed that they do not have any relationship with the Company, its related corporations, shareholders who hold more than 10% of the Company's total voting shares or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company.

The NC recommends all appointments and retirements of Directors. In addition, the NC reviews annually the independence of each Director. Each Independent Director is required to complete a Director's Independence Declaration annually to confirm his independence based on the guidelines as set out in the Code. For FY2017, the NC has reviewed and determined that the three Non-Executive Directors are independent.

The three Independent Directors, namely Lee Sen Choon, Tan Siak Hee and Yap Kian Peng, have served on the Board beyond nine years from the respective dates of their first appointment and the Code recommends that the independence of any director who has served beyond nine years be subject to rigorous review.

Taking into account the views of the NC, the Board concurs with the NC that a Non-Executive Director's independence cannot be determined arbitrarily on the basis of a set period of time. In assessing the independence of a Non-Executive Director, the NC and the Board consider it more appropriate to have regard to the substance of the Non-Executive Director's professionalism, integrity, objectivity, and ability to exercise independence of judgment in his deliberation in the interest of the Company, and not merely based on form. The Board considers that continued tenure brings considerable stability to the Board and the Board has benefited greatly from the presence of the abovementioned Independent Directors who have, over the years, developed significant and valuable insights in the Group's business, operations and markets, and can continue to provide significant and valuable contribution objectively to the Board as a whole.

Rigorous review is conducted by the Board to assess the continuing independence of Non-Executive Directors having served for over nine years, with attention to ensuring that they remain independent in character and judgement, and continue to present an objective and constructive challenge to the assumptions and viewpoints presented by the Management and the Board. The Board's rigorous review includes, *inter alia*, critical examination of any conflicts of interest, as well as other factors such as their review and scrutiny of matters and proposals put before the Board, and the effectiveness of their oversight role as check and balance on the acts of the Board and the Management and their role in enhancing and safeguarding the interest of the Company and that of its Shareholders.

The Board has determined that each of Lee Sen Choon, Tan Siak Hee and Yap Kian Peng has continued to demonstrate strong independence in character and judgement in the manner in which he has discharged his duties and responsibilities as a Director of the Company. Each of them has continued to express his individual viewpoints, debated issues and objectively scrutinised and challenged the Management. Each of them has sought clarification and amplification as he considered necessary, including through direct access to the Management and the Group's external advisors (if any).

Taking into account the above factors, the Board is of the view that Lee Sen Choon, Tan Siak Hee and Yap Kian Peng continue to be considered Independent Directors, notwithstanding they have served on the Board for more than nine years from the respective dates of their first appointment. The Board nevertheless will on a continual basis, review the need for progressive refreshing of its Board.

Each of Lee Sen Choon, Tan Siak Hee and Yap Kian Peng abstained from the NC's and Board's deliberation to maintain their independence.

The Board is of the view that the current Board comprises persons who as a group, provide core competencies necessary to meet the Company's requirements and that the current board size is adequate and facilitates effective decision-making, taking into account the nature and scope of the Group's operations. The Independent Directors participate actively in Board and Board Committee meetings. Where necessary, the Independent Directors meet and discuss on the Group's affairs without the presence of the Management.

Collectively, the Board members possess a balanced field of core competencies such as accounting and finance, legal knowledge, business and management experience and the requisite industry knowledge to lead the Company.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

The Chairman and CEO of the Company is Tan Yee Chin. The Board, after careful consideration, is of the opinion that the need to separate the roles of the Chairman and CEO is not necessary for the time being. The presence of a strong independent element and the participation of the Independent Directors ensure that Tan Yee Chin does not have unfettered powers of decisions. The Board has also appointed Lee Sen Choon as the Lead Independent Director to be an alternative channel for Shareholders and other Directors to raise their concerns for which the contact through the normal channels of the Chairman and CEO has failed to resolve. Where necessary, the Lead Independent Director, together with other Independent Directors will meet without the presence of the other non-Independent Directors, and the Lead Independent Director will provide feedback to the Chairman after such meetings if it is necessary. The Board believes that there are adequate measures and safeguards in place against an uneven concentration of power and authority in one individual, which will affect independent and collective decision-making by the Board.

As the Chairman, Tan Yee Chin is primarily responsible for the proper functioning of the Board and ensures that Board meetings are held when necessary and each member of the Board works well together with the Management, engaging the Management in constructive discussions over various matters, including strategic issues and business planning processes. The Chairman also takes a leading role in ensuring the Group's compliance with corporate governance guidelines.

As the CEO, Tan Yee Chin is responsible for leading the development and execution of the Group's short and long-term strategies and business plans and ensures that the Group is properly organised and staffed, assesses the principal risks of the Group and ensures that effective internal controls and risk management systems are in place.

Board Membership and Performance

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The NC comprises the following three members, all of whom are Independent Directors:

Tan Siak Hee (Chairman)
Lee Sen Choon
Yap Kian Peng

The NC is established for the purpose of ensuring that there is an objective and transparent process for all Board appointments. The NC has adopted written terms of reference that defines its membership, roles and functions, administration and duties.

The principal functions of the NC are as follows:

1) to review and recommend the nomination or re-nomination of the Directors having regard to their contribution and performance;

2) to determine annually whether or not a Director is independent;

3) where a Director or proposed Director has multiple board representation, deciding on whether the Director is able to and/or has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments;

4) to assess the performance of the Board; and

5) to review and approve any new employment of related persons and the proposed terms of their employment.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director.

In the selection process for the appointment of new Directors, the NC identifies the candidates and reviews the nominations for the appointments taking into account the candidate's track record, age, experience, capabilities and other relevant factors. The NC, having assessed each candidate based on the essential and desirable competencies for a particular appointment, will nominate the most suitable candidate for appointment to the Board.

The Constitution requires one-third of the Directors (including the CEO) for the time being, or, if their number is not three or a multiple of three, then the number nearest to one-third, to retire from office at the annual general meeting of the Company ("**AGM**") in each year. All Directors are also required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years. Directors who retire are eligible to offer themselves for re-election. The Director shall abstain from voting on any resolution in respect of his re-nomination as a Director.

CORPORATE GOVERNANCE REPORT

At the forthcoming AGM, Tan Yee Ho and Tan Yee Leong will be retiring by rotation pursuant to Article 104 of the Constitution. Both of them, being eligible for re-election, have offered themselves for re-election. The NC has also recommended to the Board that Tan Yee Ho and Tan Yee Leong be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC has considered, amongst others, each of the Directors' competencies, commitment, overall contribution and performance to the Board (such as attendance, participation, preparedness and candour).

All Directors are required to declare their board representations. Notwithstanding that some of the Directors have multiple board representations, the NC is satisfied that each Director is able to devote adequate time and attention to the affairs of the Company, and has been adequately carrying out his duties as a Director of the Company. As of now, the Board has agreed not to set a numerical limit on the number of listed company board representations which any Director may hold as it does not wish to omit from consideration, outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as a member of the Board.

The Company does not have any alternate Director as the Board does not encourage the appointment of alternate Directors unless it is an exceptional case.

The NC has adopted a process for assessing the performance of the Board as a whole instead of individual assessment. The performance appraisal includes qualitative and quantitative factors such as Board structure, conduct of meetings, corporate strategy and planning, risk management and internal control, and so on. The NC and the Board will review such criteria from time to time, where appropriate.

The key information on the Directors is as follows:

Name of Director and Board Membership	Academic / Professional qualifications	Date of first appointment as Director	Date of last re-appointment as Director	Present directorships in other listed companies	Past directorships held over the preceding three years in other listed companies
Tan Yee Chin *Executive / Non-independent*	1. GCE "O" levels	18.12.2004	21.04.2016	Nil	Nil
Tan Yee Ho *Executive / Non-independent*	1. GCE "O" levels	18.12.2004	24.04.2015	Nil	Nil
Tan Yee Leong *Executive / Non-independent*	1. GCE "O" levels	18.12.2004	24.04.2015	Nil	Nil
Lee Sen Choon *Non-Executive / independent*	1. Bachelor of Science (Honours) (Nanyang University) 2. Post-graduate Diploma in Management (University of Salford) 3. Fellow Member, Institute of Chartered Accountants in England and Wales 4. Practising Member, Institute of Singapore Chartered Accountants	31.10.2007	21.04.2016	1. Best World International Limited (Independent Non-Executive Director, Chairman of Audit Committee) 2. Hor Kew Corporation Limited (Independent Non-Executive Director)	Nil

Name of Director and Board Membership	Academic / Professional qualifications	Date of first appointment as Director	Date of last re-appointment as Director	Present directorships in other listed companies	Past directorships held over the preceding three years in other listed companies
Tan Siak Hee *Non-Executive / independent*	1. Bachelor of Laws (University of London) 2. Barrister At Law (Lincoln's Inn) 3. Masters of Art (Kelaniya University) 4. Graduate Certificate in International Arbitration (National University of Singapore) 5. Advocate & Solicitor, and Commissioner for Oaths and Notary Public, Supreme Court, Singapore 6. Fellow, Singapore Institute of Arbitrators 7. Fellow, Chartered Institute of Arbitrators 8. Member, Lincoln's Inn 9. Member, Law Society of Singapore 10. Member, Singapore Institute of Directors	31.10.2007	20.04.2017	Nil	Nil
Yap Kian Peng [1] *Non-Executive / independent*	1. Bachelor Degree in Business (Business Administration) (RMIT University)	31.10.2007	20.04.2017	1. Jackspeed Corporation Limited (Executive Deputy Chairman and Chief Executive Officer) 2. M Development Limited (Independent Non-Executive Director, Chairman of Audit Committee) 3. Seroja Investments Limited (Independent Non-Executive Director, Chairman of Audit and Remuneration Committees)	Nil

Note [1] Mr Yap Kian Peng is also the executive director of Capital Equity Holdings Pte Ltd, a private equity investment company.

For other information on the Directors, please refer to the sections entitled "Board of Directors" and "Statement by Directors" of the Company's Annual Report 2017.

For FY2017, each of the Directors had been requested to complete a board evaluation questionnaire. The questionnaire is designed to seek each Director's views on various aspects of the Board's performance. The responses are reviewed by the NC and discussed with the Board members for determining areas of improvement to assist the Board in discharging its duties more effectively. The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year reported on, is of the view that the performance of the Board as a whole has been satisfactory. The NC has not engaged any external facilitator in conducting the assessment of the Board's performance. Where relevant, the NC will consider such engagement.

The Board, together with the NC, has decided that, due to the relatively small size of the Board and given the background, experience and expertise of each Director, it would not be necessary to evaluate the individual performance of each Director and the Board Committees. The NC will, at the relevant time, look into adopting guidelines for annual assessment of the contribution of each individual Director to the effectiveness of the Board and also the assessment of the Board Committees.

Access to Information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To enable the Board to fulfill its responsibility, the Management strives to provide Board members with adequate information for the Board and Board Committee meetings and on an ongoing basis. The Board is furnished with Board papers prior to any Board meeting. These papers are issued in sufficient time to enable Directors to obtain additional information or explanations from the Management, if necessary.

Directors are given separate and independent access to the Management and the Company Secretary to address any enquiries. The Company Secretary attends all Board meetings and ensures that board procedures are followed and applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Directors, either individually or as a group, may seek independent professional advice in furtherance of their duties and the costs will be borne by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7 – There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Level and Mix of Remuneration

Principle 8 – The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Disclosure on Remuneration

Principle 9 – Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The RC comprises the following three members, all of whom are Independent Directors:

Yap Kian Peng (Chairman)
Lee Sen Choon
Tan Siak Hee

The RC is established for the purpose of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of individual Directors. The overriding principle is that each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration package. The RC has adopted written terms of reference that defines its membership, roles and functions, administration and duties.

The principal functions of the RC are as follows:

1) to review and recommend to the Board on the framework of remuneration and the specific remuneration packages for Executive Directors, Chief Executive Officer and Executive Officers;

2) to review the remuneration packages of employees who are related to any Director and/or substantial Shareholder of the Company and its subsidiaries;

3) to review and recommend to the Board the terms of renewal for those Executive Directors whose current employment contracts will expire or had expired; and

4) to review and approve annually the remuneration of the Directors, Executive Officers and employees related to any Director and/or substantial Shareholder of the Company.

The RC will review and recommend to the Board at least annually all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses and benefits-in-kind to ensure that the remuneration packages are appropriate to attract, retain and motivate employees capable of meeting the Company's objectives and that the remuneration commensurate to the employees' duties and responsibilities. The RC's recommendations are submitted for endorsement by the entire Board.

The Company has entered into service agreements with the Executive Directors, namely Tan Yee Chin, Tan Yee Ho and Tan Yee Leong. The remuneration of the Executive Directors is based on their respective service agreements and the Executive Directors do not receive any Directors' fees. The RC will also review the Company's obligations under the service agreements entered into with the Executive Directors and key management personnel (if any) that would arise in the event of termination of these service agreements. This is to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous. The RC aims to be fair and avoid rewarding poor performance.

The Independent Directors will be paid yearly Directors' fees of an agreed amount for their board services and appointment to Board Committees, taking into account factors such as effort, time spent and responsibilities. Such Directors' fees are subject to Shareholders' approval at the AGM. The Independent Directors have not been over-compensated to the extent that their independence is compromised.

Having reviewed and considered the terms set out in the remuneration packages of the Executive Directors and the key management personnel, which are moderate, the RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and the key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company and the Group.

The RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. During FY2017, the RC did not seek any external professional advice on remuneration.

The remuneration of the Directors for FY2017 is set out below:

	Directors' Fees	Salary	Bonus	Allowances and Benefits in kind	Total
	%	%	%	%	%
Between S$250,000 and S$500,000					
Tan Yee Chin	–	69	17	14	100
Tan Yee Ho	–	65	16	19	100
Tan Yee Leong	–	59	15	26	100
S$250,000 and below					
Lee Sen Choon	100	–	–	–	100
Tan Siak Hee	100	–	–	–	100
Yap Kian Peng	100	–	–	–	100

The Directors' remuneration for FY2017 has been disclosed in bands of S$250,000. The actual remuneration of each individual Director is not disclosed due to the confidentiality and sensitivity of remuneration matters as the Board believes that the disclosure may be prejudicial to the Group's businesses given the competitive business environment which the Group operates in and the disadvantages that it may bring.

The remuneration of the key management personnel (who are not Directors or the CEO) for FY2017 is set out below:

	Salary	Bonus	Allowances and Benefits in kind	Total
	%	%	%	%
Between S$250,000 and S$500,000				
Ng Kim Ying	70	18	12	100
S$250,000 and below				
Lim Heng Min	70	12	18	100
Wu Wei-Tsung, William	37	–	63	100

Note: The Company has only three key management personnel (who are not Directors or the CEO) in FY2017.

For FY2017, the aggregate total remuneration of all the key management personnel (who are not Directors or the CEO) is S$714,000.

There are no termination, retirement and post-employment benefits that may be granted to the Directors, the CEO and the key management personnel (who are not Directors or the CEO) of the Group. SL Metal (Suzhou) Co., Ltd. ("**SL Suzhou**"), the Company's subsidiary in the People's Republic of China (the "**PRC**"), had terminated the employment contract between SL Suzhou and Mr Wu Wei-Tsung, William ("**Mr Wu**") (General Manager and Vice-President (Commercial)), in accordance with the terms of the employment contract, and Mr Wu had accordingly ceased as the General Manager and Vice-President (Commercial) of SL Suzhou with effect from 11 January 2018. SL Suzhou had compensated Mr Wu with termination benefits in accordance with the labour laws and regulations of the PRC.

The remuneration of an employee, who is an immediate family member of a Director, for FY2017 is set out below:

	Salary	Bonus	Allowances and Benefits in kind	Total
	%	%	%	%
Between S$50,000 to S$100,000				
Tan Lay Peng	64	11	25	100

Tan Lay Peng is the spouse of Tan Yee Chin (Chairman and CEO of the Company) and sister-in-law of both Tan Yee Ho (Executive Director) and Tan Yee Leong (Executive Director).

The Board is of the opinion that the information as disclosed above would be sufficient for Shareholders to have an adequate appreciation of the Company's compensation policies and practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

The Group currently does not have any employee share schemes in place. However, the RC and the Board will constantly evaluate and assess any possible and appropriate long-term incentive plans, with the aim of enhancing the link between rewards and corporate and individual performance.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is responsible for providing a balanced and understandable assessment of the Company's performance, position and prospects, including interim and other price sensitive public reports. Shareholders are informed of the Company's financial performance through half year and full year financial results announcements on SGXNet. Such announcements are made within the timeframe as set out under Rules 705(1) and (3) of the Catalist Rules. The Board also provides negative assurance confirmation to Shareholders for the half year financial results announcement pursuant to Rule 705(5) of the Catalist Rules.

The Management will provide all members of the Board with the necessary financial information and Board papers prior to any Board meeting to facilitate effective discussion and decision-making.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Company had engaged Nexia TS Risk Advisory Pte Ltd ("**Nexia**") to develop the Enterprise Risk Management framework for the Group. In consultation with Nexia, the Group has developed and implemented the appropriate risk management procedures to address the key risks identified. All significant matters (if any) would be highlighted to the AC and the Board. The Group believes that risk management forms an integral part of business management. Hence, the Group will continue to review and improve its business and activities to identify areas of significant business risk as well as take appropriate measures to control and mitigate these risks.

As the Group does not have a risk management committee, the Board, the AC and the Management assume the responsibility of the risk management function. The Management reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant policies and procedures and highlights all significant matters to the Board and the AC.

With the assistance of the internal auditors and through the AC, at least annually, the Board reviews the adequacy and effectiveness of the Group's risk management system and internal controls, provides its perspective on management control and ensures that the necessary corrective actions are taken on a timely basis. There are procedures in place for both the internal and external auditors to report independent conclusions and recommendations to the Management and the AC.

Based on the internal control policies and procedures established and maintained by the Group, work performed by the external and internal auditors as well as reviews performed by the Management, the Board, with the concurrence of the AC, is of the view that the internal controls and risk management systems of the Group, addressing the financial, operational, information technology and compliance risks are adequate and effective as at 31 December 2017. This is in turn, supported by assurance from the CEO and the Chief Financial Officer that:

(a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances are in accordance with the relevant accounting standards; and

(b) they have evaluated the effectiveness of the Group's risk management and internal control systems and have discussed with the Company's external and internal auditors of their reporting points and note that there have been no significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process, summarise or report financial data.

The Board acknowledges that while it should endeavour to ensure that the Management maintains a sound system of internal controls to safeguard Shareholders' investment and the Group's assets, there is no absolute assurance that such a system will be fool-proof. The review of the Group's internal control systems should be a concerted and continued process, designed to manage rather than eliminate risk of failure to achieve business objectives.

Audit Committee

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises the following three members, all of whom are Independent Directors:

Lee Sen Choon (Chairman)
Tan Siak Hee
Yap Kian Peng

The Chairman, Lee Sen Choon, has more than 30 years of experience in accounting, audit, taxation and corporate secretarial work. The other two members of the AC possess experience in finance, legal and business management. The Board is of the view that the members of the AC are appropriately qualified to discharge their responsibilities.

The role of the AC is to assist the Board with discharging its responsibility to safeguard the Group's assets, oversee the maintenance of adequate accounting records and the development and maintenance of effective systems of internal controls. The AC has adopted written terms of reference that defines its membership, roles and functions, administration and duties.

The principal functions of the AC are as follows:

1) to review with the external auditors, their audit plan, their evaluation of the system of internal accounting controls, their letter to the Management and the Management's response;

2) to review the half yearly and annual, and quarterly if applicable, financial statements and results announcements before submission to the Board for approval;

3) to review the internal control procedures and ensure co-ordination between the external auditors and the Management;

4) to review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial positions, and the Management's response;

5) to make recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

6) to approve the hiring, removal, evaluation and compensation of the internal auditors, as well as the scope of the internal audit and the annual internal audit plan;

7) to review interested person transactions (if any) falling within the scope of Chapter 9 of the Catalist Rules;

8) to review potential conflicts of interest, if any;

9) to review all foreign exchange exposure hedging transactions and any formal hedging policies and procedures; and

10) any other functions and duties as may be required by statute or the Catalist Rules.

The AC will meet with the external auditors and the internal auditors without the presence of the Management at least annually to review the Management's level of cooperation and other matters that warrants the AC's attention. It may also examine any other aspects of the Group's affairs, as it deems necessary where such matters relate to exposures or risks of regulatory or legal nature, and monitor the Group's compliance with its legal, regulatory and contractual obligations. The AC has met with the external auditors and the internal auditors without the presence of the Management during the financial year under review.

The Management has put in place a whistle-blowing policy duly endorsed by the AC and approved by the Board, where employees of the Group may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters. The details of the whistle-blowing policy have been made available to all employees. During FY2017, there were no complaints, concerns or issues received.

The AC has explicit authority to investigate any matter within its terms of reference, full access to, and the co-operation of, the Management and also full discretion to invite any Director or the Management to attend its meetings, and has been given reasonable resources to enable it to discharge its functions properly.

The AC is responsible for conducting an annual review of the volume of non-audit services provided by the external auditors of the Company to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors of the Company before recommending their re-appointment to the Board. The AC has undertaken a review of all non-audit services provided by the external auditors of the Company and they would not, in the opinion of the AC, affect the independence and objectivity of the external auditors of the Company.

The following are the audit and non-audit fees paid/payable by the Group:

	FY2017 **$**
Audit fees paid/payable to the external auditors	
- external auditors of the Company	83,000
- other external auditors of the Group	27,000
Non-audit fees paid/payable to the external auditors	
- external auditors of the Company	20,000
- other external auditors of the Group	17,000

CORPORATE GOVERNANCE REPORT

Having reviewed and been satisfied that the external auditors of the Company, Messrs RSM Chio Lim LLP, is independent, the AC has recommended the re-appointment of Messrs RSM Chio Lim LLP as external auditors of the Company for the current financial year ending 31 December 2018 at the forthcoming AGM.

The Group has appointed different auditors for its overseas subsidiaries. The Board and the AC have reviewed the appointment of different auditors for its subsidiaries and are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group.

The Company is in compliance with Rules 712 and 715 of the Catalist Rules in appointing the audit firms for the Group.

In FY2017, the AC had carried out, amongst others, the following activities:

(a) reviewed the half year and full year financial statements (audited and unaudited), and recommended to the Board for approval;

(b) reviewed the adequacy and effectiveness of the Group's risk management and internal control systems;

(c) reviewed interested person transactions;

(d) reviewed and approved the annual audit plan of the external auditors;

(e) reviewed and approved the internal audit plan of the internal auditors, having considered the scope of the internal audit procedures;

(f) reviewed the results of the internal audit procedures and the assistance given by the Management to the internal auditors;

(g) reviewed the annual re-appointment of the external auditors and determined their remuneration, and made a recommendation for the Board's approval;

(h) met with the external auditors and internal auditors once without the presence of the Management; and

(i) reviewed all the Group's foreign exchange exposure hedging transactions.

To keep abreast of the changes in accounting standards and issues which have a direct impact on financial statements, advice is sought from the external auditors when they attend the half yearly AC meetings.

None of the members of the AC is a former partner or director of the Company's external or internal auditors.

In the review of the financial statements, the AC has discussed with the Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with the Management and the external auditors, and were reviewed by the AC:

Matters considered	How the AC reviewed these matters and what decisions were made
Adequacy of impairment of inventories	This has been an area of focus by the Management and the external auditors, given the materiality of the inventories and the subjectivity involved in impairment testing. The AC reviewed the assessments made by the Management and the external auditors, and assessed the appropriateness of the assumptions and estimates made (including the Management's projections on future demand trends and market value of the inventories). The AC was satisfied with the appropriateness of the analysis performed by the Management.

Matters considered	How the AC reviewed these matters and what decisions were made
Impairment of trade receivables	The AC reviewed the assessments made by the Management and the external auditors and assessed the appropriateness of the assumptions and estimates made, including the consistent application of the Management's methodology, achievability of the business plans and the Management's assessments on the customers' creditworthiness. The AC was satisfied with the appropriateness of the analysis performed by the Management.

Internal Audit

Principle 13: The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal audit function of the Group is outsourced to Nexia, a certified public accounting firm which is a corporate member of the Institute of Internal Auditors Singapore, and staffed with professionals with relevant qualifications and experience. The AC approves the hiring, removal, evaluation and compensation of the certified public accounting firm to which the internal audit function is outsourced.

The internal auditors report primarily to the Chairman of the AC. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including unrestricted direct access to the AC.

The internal auditors carry out its activities in compliance with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditors plan their internal audit schedules in consultation with, but independent of, the Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit.

The AC reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring of the implementation of the improvements required on internal controls identified.

During FY2017, the internal auditors adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational, compliance and information technology controls and overall risk management of the Group. The AC has reviewed the adequacy and effectiveness of the internal auditors and is satisfied that the internal auditors are adequately resourced and have the appropriate standing within the Group to fulfill its mandate. The AC is also of the view that the internal auditors is adequately staffed with persons with the relevant qualifications and experience, and adheres to the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

On an annual basis, the AC reviews the adequacy and effectiveness of the internal audit function, including the internal audit program of the Group, so as to align it to the changing needs and risk profile of the Group's business activities.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Group's corporate governance culture and awareness promotes fair and equitable treatment of all Shareholders. All Shareholders enjoy specific rights under the Companies Act (Chapter 50) of Singapore and the Constitution. All Shareholders are treated fairly and equitably.

The Group respects equal information rights of all Shareholders and is committed to the practice of fair, transparent and timely disclosure of information. Shareholders are given the opportunity to participate effectively in and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated.

CORPORATE GOVERNANCE REPORT

The Constitution allows each Shareholder to appoint up to two proxies to attend and vote at general meetings. On 3 January 2016, the legislation was amended, among other things, to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Group does not practice selective disclosure and believes that prompt disclosure of pertinent information and high standard of disclosure are keys to raise the level of corporate governance. The Board believes in regular and timely communication with Shareholders. In line with continuous disclosure obligations of the Group pursuant to the Catalist Rules, the Group's policy is that all Shareholders should be equally and timely informed of all major developments that impact the Group.

Information is communicated to Shareholders through:

(a) annual reports that are prepared and issued to all Shareholders within the mandatory period;

(b) half yearly and full year unaudited financial results announcements via the SGXNet within the mandatory period;

(c) offer information statements, circulars and notices issued to all Shareholders;

(d) disclosures to the SGX-ST via the SGXNet; and

(e) the Company's website, http://www.soonlian.com/, which provides corporate information, announcements, press releases and other information pertaining to the Group.

The Board welcomes the views of Shareholders on matters affecting the Group, whether at the general meetings of Shareholders or on an ad hoc basis. At the general meetings, Shareholders will be given the opportunity to express their views and ask the Directors or the Management questions regarding the Group.

The Company does not have a fixed dividend policy at present. The frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, projected capital requirements for business growth and other factors as the Board may deem appropriate. Taking into account the above factors, the Board has not recommended any dividends to be paid in respect of FY2017.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Shareholders are encouraged to attend the Company's general meetings, including AGMs and extraordinary general meetings to ensure a high level of accountability and to stay informed of the Group's strategies and growth plans. For AGMs, all Shareholders will receive copies of the Annual Reports and Notice of AGM. Notice of AGM is also advertised in the newspapers and made available on the website of the SGX-ST.

The Company's main forum for dialogue with Shareholders takes place at its AGM where members of the Board, Chairman of the respective Board Committees, the Management and the external auditors are in attendance to answer any queries raised by Shareholders. At the AGM, Shareholders are given the opportunity to express their views and ask questions regarding the Company and the Group.

The Company has not amended its Constitution to provide for absentia voting methods. The Company has decided, for the time being, not to implement voting in absentia through mail, electronic mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from Shareholders relating to the agenda of the meetings, and responses from the Board and the Management, and to make these minutes, subsequently approved by the Board, available to Shareholders during office hours.

Separate resolutions on each distinct issue are tabled at general meetings of the Company. All resolutions at general meetings of the Company are put to vote by poll so as to better reflect Shareholders' shareholding interests and ensure greater transparency. The results of the poll voting on each resolution tabled at general meetings of the Company are announced after the general meetings via SGXNet.

DEALING IN SECURITIES

The Company has devised and adopted its own internal Code of Conduct on dealing in the securities of the Company. The Code of Conduct will provide guidance to the Group's Directors and employees on their dealings in the Company's securities. The key guidelines are as follows:

- Directors and key officers are prohibited from trading in the Company's securities (i) during the period commencing one month before the announcement of the Company's half year and full year financial results; and (ii) if they are in possession of unpublished price-sensitive information of the Group.

- Directors and key officers should not deal in the Company's securities on short-term considerations.

- Directors and key officers are required to observe the insider trading laws under the Securities and Futures Act (Chapter 289) of Singapore at all times even when engaging in dealings of securities within the non-prohibitory periods.

INTERESTED PERSON TRANSACTIONS

The Company does not have a mandate from its Shareholders for any interested person transactions.

In the financial year ended 31 December 2016, the Company obtained an interest-free and unsecured loan ("**Loan**") from Soon Tien Holdings Pte. Ltd. ("**ST**"), a controlling Shareholder. The Loan was fully settled during FY2017. Pursuant to Chapter 9 of the Catalist Rules, ST is considered an interested person and the Loan is considered an interested person transaction. However, there is no amount at risk to the Company due to the interest-free nature of the Loan.

The AC will review all interested person transactions to be entered to ensure that the relevant rules under Chapter 9 of the Catalist Rules are complied with. In the event that a member of the AC is involved in any interested person transaction, he will abstain from reviewing that particular transaction.

MATERIAL CONTRACTS

Other than those disclosed above, in the Statement of Directors and Financial Statements as well as the service agreements between the Executive Directors and the Company, the Company and its subsidiaries did not enter into any material contracts (including loans) involving the interests of any Director or controlling Shareholder, which are either still subsisting as at the end of FY2017 or if not then subsisting, entered into since the end of the previous financial year.

HEDGING POLICY

The Company has put in place hedging policies to manage its foreign exchange risks. These policies have been approved by the Board and are supported by procedures which have been reviewed and approved by the AC. All hedging transactions shall be pre-approved by the CEO. The Company will continue to monitor its foreign exchange exposure. Any change in the hedging policy shall be subject to review and approval by the Board prior to implementation. The AC will review periodically all the foreign exchange exposure hedging transactions and any formal hedging policies and procedures of the Group.

CATALIST SPONSOR

With reference to Rule 1204(21) of the Catalist Rules, no non-sponsor fees were payable or paid to ZICO Capital Pte. Ltd. in FY2017.

STATEMENT BY DIRECTORS

The directors of the company are pleased to present the accompanying financial statements of the company and of the group for the reporting year ended 31 December 2017.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company and, of the financial position and performance of the group for the reporting year covered by the financial statements or consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

The directors of the company in office at the date of this statement are:

Tan Yee Chin
Tan Yee Ho
Tan Yee Leong
Lee Sen Choon
Tan Siak Hee
Yap Kian Peng

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company or other related body corporate as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 (the "Act") except as follows:

	Direct interest		Deemed interest	
Name of directors and companies in which interests are held	**At beginning of the reporting year**	**At end of the reporting year**	**At beginning of the reporting year**	**At end of the reporting year**
Soon Tien Holdings Pte. Ltd.	**Number of shares of no par value**			
(Parent company)				
Tan Yee Chin	250,000	250,000	–	–
Tan Yee Ho	250,000	250,000	–	–
Tan Yee Leong	250,000	250,000	–	–

3. Directors' interests in shares and debentures (cont'd)

Name of directors and companies in which interests are held	Direct interest: At beginning of the reporting year	Direct interest: At end of the reporting year	Deemed interest: At beginning of the reporting year	Deemed interest: At end of the reporting year
Soon Lian Holdings Limited	Number of shares of no par value			
Tan Yee Chin	998,334	998,334	73,300,000	73,300,000
Tan Yee Ho	998,333	998,333	72,900,000	72,900,000
Tan Yee Leong	998,333	998,333	72,900,000	72,900,000
Lee Sen Choon	50,000	50,000	–	–
Tan Siak Hee	50,000	50,000	–	–
Yap Kian Peng	50,000	50,000	–	–

By virtue of section 7 of the Act, Tan Yee Chin, Tan Yee Ho and Tan Yee Leong are deemed to have an interest in the company and in all the related body corporates of the company.

The directors' interests as at 21 January 2018 were the same as those at the end of the reporting year.

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

5. Options

During the reporting year, no option to take up unissued shares of the company or other body corporate in the group was granted.

During the reporting year, there were no shares of the company or other body corporate in the group issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares of the company or other body corporate in the group under option.

6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

7. Report of audit committee

The members of the audit committee at the date of this report are as follows:

Mr Lee Sen Choon	(Chairman of audit committee and independent and non-executive director)
Mr Tan Siak Hee	(Independent and non-executive director)
Mr Yap Kian Peng	(Independent and non-executive director)

The audit committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan.
- Reviewed with the independent external auditor their evaluation of the company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them.
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by management to the internal auditor.
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption.
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditor provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as the independent auditor at the next annual general meeting of the company.

8. Directors' opinion on the adequacy of internal controls

Based on the internal controls established and maintained by the company, work performed by the internal and external auditors, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that the company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2017.

STATEMENT BY DIRECTORS

9. Subsequent developments

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 12 February 2018, which would materially affect the group's and the company's operating and financial performance as of the date of this report.

On behalf of the directors

Tan Yee Chin Director	Tan Yee Ho Director

23 March 2018

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Soon Lian Holdings Limited (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the group and the financial position of the company as at 31 December 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

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 financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

a) Adequacy of impairment of inventories

Refer to Notes 2A "Inventories" and 2C "Net realisable value of inventories" to the financial statements for the relevant accounting policy and management's judgements used in the impairment of inventories, respectively, and the annual report on the section on the audit committee's views and responses to the reported key audit matter.

Inventories amounted to $22.5 million, representing 35% of the group's total assets, as at 31 December 2017. Management determines provision of inventory obsolescence and net realisable value by taking into consideration various factors, including macroeconomics and general market conditions, future demands and market commodity sale prices such as metal indexes. We focused on this area because the determination of allowance for inventory obsolescence involves a high level of judgement and is subject to uncertainty due to the challenging market conditions.

Based on our understanding of the business environment, we have critically evaluated the assessments and justification made by management with respect to slow moving and obsolete inventory items, the expected demand and market value related to the products, and the adequacy of the allowance made. We have also reviewed the aging of the inventory items and compared selected inventory's carrying value to, where available, recent sales transactions.

Key audit matters (cont'd)

b) Impairment of trade receivables

Refer to Notes 2A "Financial assets" and 2C "Allowance for doubtful trade accounts" to the financial statements for the relevant accounting policy and management's judgements used in the impairment of trade receivables, respectively, as well as Note 27D on the aging analysis of trade receivables, and the annual report on the section on the audit committee's views and responses to the reported key audit matter.

Trade receivables amounted to $9.5 million, representing 15% of the group's total assets, as at 31 December 2017. The allowance for impairment of trade receivables is estimated by management through the application of judgement and use of subjective assumptions. The estimate of impairment loss is based on the historical trend of these receivables, which includes analysis of the age of these receivables, credit worthiness of the profile of the customers and future collectability.

We have reviewed the aging of trade receivables and critically assessed management's assumptions and estimates and the payment history of customers, in particular, of those relating to the collectability of material unimpaired trade receivables balances as at 31 December 2017. We have also assessed whether the financial statements disclosures appropriately reflect the group's exposure to credit risk.

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by directors and the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Auditor's responsibilities for the audit of the financial statements (cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Mong Sheong.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

23 March 2018

Engagement partner – effective from year ended 31 December 2013

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 31December 2017

	Notes	Group 2017 $'000	Group 2016 $'000
Revenue	5	38,356	34,162
Cost of sales		(31,546)	(28,380)
Gross profit		6,810	5,782
Interest income	6	5	2
Other gains	7	2,292	269
Distribution costs	10	(678)	(678)
Administrative expenses	10	(4,909)	(4,603)
Finance costs	8	(897)	(946)
Other losses	7	(773)	(2,091)
Profit (loss) before tax from continuing operations		1,850	(2,265)
Income tax expense	11	(298)	(168)
Profit (loss) for the year		1,552	(2,433)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(30)	(121)
Other comprehensive loss for the year, net of tax		(30)	(121)
Total comprehensive income (loss) for the year		1,522	(2,554)
Profit (loss) attributable to owners of the company, net of tax		1,552	(2,433)
Profit (loss) attributable to non-controlling interests, net of tax		–	–
Profit (loss) for the year		1,552	(2,433)
Total comprehensive income (loss) attributable to owners of the company		1,522	(2,554)
Total comprehensive income (loss) attributable to non-controlling interests		–	–
Total comprehensive income (loss) for the year		1,522	(2,554)
Earnings per share		Cents	Cents
Basic	13	1.44	(2.25)
Diluted	13	1.44	(2.25)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

	Notes	Group		Company	
		2017	2016	2017	2016
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	2,595	24,152	–	–
Intangible assets	15	76	106	–	–
Investments in subsidiaries	16	–	–	11,871	11,871
Deferred tax assets	11	327	314	–	–
Total non-current assets		2,998	24,572	11,871	11,871
Current assets					
Inventories	17	22,462	20,216	–	–
Trade and other receivables	18	33,588	10,429	1,982	1,792
Other assets	19	114	63	19	19
Cash and cash equivalents	20	5,912	3,433	500	240
Total current assets		62,076	34,141	2,501	2,051
Total assets		65,074	58,713	14,372	13,922
EQUITY AND LIABILITIES					
Equity					
Share capital	21	10,579	10,579	10,579	10,579
Retained earnings		18,350	16,798	3,342	3,013
Other reserves	22	212	242	–	–
Equity, attributable to owners of the company		29,141	27,619	13,921	13,592
Non-controlling interests		9	9	–	–
Total equity		29,150	27,628	13,921	13,592
Non-current liability					
Other financial liabilities	23	2,596	13,285	–	–
Total non-current liability		2,596	13,285	–	–
Current liabilities					
Income tax payable		170	88	41	42
Trade and other payables	24	17,897	14,951	410	288
Other financial liabilities	23	15,261	2,761	–	–
Total current liabilities		33,328	17,800	451	330
Total liabilities		35,924	31,085	451	330
Total equity and liabilities		65,074	58,713	14,372	13,922

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

Year Ended 31December 2017

Group	Total equity $'000	Attributable to parent sub-total $'000	Share capital $'000	Retained earnings $'000	Other reserves $'000	Non-controlling interests $'000
Current year:						
Opening balance at 1 January 2017	27,628	27,619	10,579	16,798	242	9
Changes in equity:						
Total comprehensive income (loss) for the year	1,522	1,522	–	1,552	(30)	–
Closing balance at 31 December 2017	29,150	29,141	10,579	18,350	212	9
Previous year:						
Opening balance at 1 January 2016	30,182	30,173	10,579	19,231	363	9
Changes in equity:						
Total comprehensive loss for the year	(2,554)	(2,554)	–	(2,433)	(121)	–
Closing balance at 31 December 2016	27,628	27,619	10,579	16,798	242	9

Company	Total equity $'000	Share capital $'000	Retained earnings $'000
Current year:			
Opening balance at 1 January 2017	13,592	10,579	3,013
Changes in equity:			
Total comprehensive income for the year	329	–	329
Closing balance at 31 December 2017	13,921	10,579	3,342
Previous year:			
Opening balance at 1 January 2016	13,250	10,579	2,671
Changes in equity:			
Total comprehensive income for the year	342	–	342
Closing balance at 31 December 2016	13,592	10,579	3,013

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended 31December 2017

	Group	
	2017	2016
	$'000	$'000
Cash flows from operating activities		
Profit (loss) before tax	1,850	(2,265)
Adjustments for:		
Interest income	(5)	(2)
Interest expense	897	946
Depreciation of property, plant and equipment	909	1,227
Amortisation of intangible assets	30	28
Gains on disposal of property, plant and equipment	(1,753)	(56)
Plant and equipment written off	400	–
Net effect of exchange rate changes in consolidating foreign operations	(43)	(50)
Operating cash flows before changes in working capital	2,285	(172)
Inventories	(2,246)	7,844
Trade and other receivables	(634)	573
Other assets	(50)	21
Trade and other payables	2,781	2,297
Net cash flows from operations	2,136	10,563
Income taxes paid	(218)	(31)
Net cash flows from operating activities	1,918	10,532
Cash flows from investing activities		
Disposal of property, plant and equipment	158	59
Purchase of property, plant and equipment (Notes 14 and 20B)	(628)	(240)
Interest received	5	2
Net cash flows used in investing activities	(465)	(179)
Cash flows from financing activities		
Decrease in borrowings	(6,209)	(14,823)
Increase from new borrowings	13,819	5,374
Net movements in amount due to parent company	(5,055)	3,800
Interest paid	(897)	(946)
Net cash flows from (used in) financing activities	1,658	(6,595)
Net increase in cash and cash equivalents	3,111	3,758
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	2,223	(1,535)
Cash and cash equivalents, consolidated statement of cash flows, ending balance (Note 20A)	5,334	2,223

The accompanying notes form an integral part of these financial statements.

1. General

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the company (referred to as "parent") and the subsidiaries.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The company is an investment holding company. It is listed on the Catalist which is a shares market on Singapore Exchange Securities Trading Limited.

The principal activities of the subsidiaries are described in the notes to the financial statements below.

The registered office is: 9 Tuas Avenue 2 Singapore 639449. The company is situated in Singapore.

Accounting convention

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRSs require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is not material. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss, as required or permitted by FRSs.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee. Control exists when the group has the power to govern the financial and operating policies so as to gain benefits from its activities.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight line basis over the lease term. Interest income or expense is recognised using the effective interest method. Dividend from equity instruments is recognised as income when the entity's right to receive payment is established.

Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain subsidiaries overseas have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Translation of financial statements of other entities

Each entity in the group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency, the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Freehold property	–	2%
Leasehold property and improvements	–	over terms of lease which is approximately 2% to 3%
Plant and equipment	–	8% to 12%

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Property, plant and equipment (cont'd)

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Intangible assets (cont'd)

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

Customer lists – 5 years

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Business combinations

Business combinations are accounted for by applying the acquisition method. There were no acquisitions during the reporting year.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Inventories

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the 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 the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year, there were no financial assets classified in this category.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

Subsequent measurement (cont'd):

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets: As at end of the reporting year, there were no financial assets classified in this category.

4. Available-for-sale financial assets: As at end of the reporting year, there were no financial assets classified in this category.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the consolidated statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial liabilities (cont'd)

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: As at end of the reporting year date there were no financial liabilities classified in this category.

2. Liabilities at amortised cost: These liabilities are carried at amortised cost using the effective interest method.

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements categorise the inputs used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. 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. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2. Significant accounting policies and other explanatory information (cont'd)

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Allowance for doubtful trade accounts:

An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods, to the extent that it is feasible, impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the note on trade and other receivables.

Net realisable value of inventories:

A review is made on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the macroeconomics and general market conditions, future demand for the products and market commodity sales price such as metal indexes. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the note on inventories.

2. Significant accounting policies and other explanatory information (cont'd)

2C. Critical judgements, assumptions and estimation uncertainties (cont'd)

Income tax amounts:

The entity recognises tax liabilities and tax assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, management judgement is required in determining the amount of current and deferred tax recognised for unused tax losses and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature, assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in the note on income tax.

Measurement of impairment of subsidiaries:

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of the specific asset (or class of assets) at the end of the reporting year affected by the assumption is $2,161,000.

3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Members of a group:

Name	Relationship	Country of incorporation
Soon Tien Holdings Pte. Ltd.	Ultimate parent company	Singapore

Related companies in these financial statements include the members of the above group of companies. The ultimate controlling parties are Tan Yee Chin, Tan Yee Ho and Tan Yee Leong.

3B. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and financial guarantees, if any, are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

3. Related party relationships and transactions (cont'd)

3B. Related party transactions (cont'd):

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

	Parent company	
	2017	2016
Group	$'000	$'000
Interest expense	27	126

3C. Key management compensation:

	Group	
	2017	2016
	$'000	$'000
Salaries and other short-term employee benefits	1,703	1,465

The above amounts are included under employee benefits expense. Included in the above amounts are the following items:

	Group	
	2017	2016
	$'000	$'000
Remuneration of directors of the company	902	814
Fees to directors of the company	85	85
Fees to directors of a subsidiary	2	2

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly.

3D. Other receivables from and other payables to related parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

3. Related party relationships and transactions (cont'd)

3D. Other receivables from and other payables to related parties (cont'd):

The movements in other receivables from and other payables to related parties are as follows:

Group	Parent company 2017 $'000	Parent company 2016 $'000
Other receivables (other payables):		
Balance at beginning of the year	(5,055)	(1,200)
Amounts received and settlement of liabilities on behalf of the company	–	(4,055)
Amounts paid out and settlement of liabilities on behalf of parent company	5,055	200
Balance at end of the year (Note 24)	–	(5,055)

Company	Subsidiaries 2017 $'000	Subsidiaries 2016 $'000
Other receivables (other payables):		
Balance at beginning of the year	1,792	1,714
Amounts received and settlement of liabilities on behalf of the company	(483)	(435)
Amounts paid out and settlement of liabilities on behalf of subsidiaries	673	513
Balance at end of the year (Note 18)	1,982	1,792

4. Financial information by operating segments

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

The group supplies aluminium alloy products.

For management purposes the group is organised into the following major strategic operating segments according to the industry in which their customers operate: (1) precision engineering, (2) marine, (3) stockists and traders and (4) other customers. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

Inter-segment sales are measured on the basis that the group actually used to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

4. Financial information by operating segments (cont'd)

4A. Information about reportable segment profit or loss, assets and liabilities (cont'd)

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation and amortisation, interests and income taxes (called "Recurring EBITDA") and (2) operating result before income taxes and other unallocated items (called "ORBT").

Segment assets consist principally of trade receivables.

Unallocated assets and liabilities comprise property, plant and equipment, inventories, other assets, other receivables, cash and cash equivalents, trade and other payables, other financial liabilities, income tax payable and deferred tax assets and liabilities.

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

4B. Profit or loss from continuing operations and reconciliations

	Precision engineering	Marine	Stockists and traders	Other customers	Unallocated	Group
	$'000	$'000	$'000	$'000	$'000	$'000
Continuing operations 2017						
Revenue by segment						
Total revenue by segment	27,707	7,361	2,190	1,098	–	38,356
Recurring EBITDA	4,945	575	338	952	–	6,810
Finance costs	–	–	–	–	(897)	(897)
Depreciation and amortisation	–	–	–	–	(939)	(939)
ORBT	4,945	575	338	952	(1,836)	4,974
Other unallocated items					(3,124)	(3,124)
Profit before tax from continuing operations						1,850
Income tax expense						(298)
Profit for the year						1,552

4. Financial information by operating segments (cont'd)

4B. Profit or loss from continuing operations and reconciliations (cont'd)

	Precision engineering $'000	Marine $'000	Stockists and traders $'000	Other customers $'000	Unallocated $'000	Group $'000
Continuing operations 2016						
Revenue by segment						
Total revenue by segment	25,740	5,313	2,102	1,007	–	34,162
Recurring EBITDA	4,176	370	413	823	–	5,782
Finance costs	–	–	–	–	(946)	(946)
Depreciation and amortisation	–	–	–	–	(1,255)	(1,255)
ORBT	4,176	370	413	823	(2,201)	3,581
Other unallocated items					(5,846)	(5,846)
Loss before tax from continuing operations						(2,265)
Income tax expense						(168)
Loss for the year						(2,433)

The above revenue is mainly from sale of aluminium alloy products.

4C. Assets and reconciliations

	Precision engineering $'000	Marine $'000	Stockists and traders $'000	Other customers $'000	Unallocated $'000	Group $'000
2017						
Total assets for reportable segments	7,442	1,117	550	404	–	9,513
Unallocated:						
Property, plant and equipment	–	–	–	–	2,595	2,595
Deferred tax assets	–	–	–	–	327	327
Inventories	–	–	–	–	22,462	22,462
Cash and cash equivalents	–	–	–	–	5,912	5,912
Other unallocated amounts	–	–	–	–	24,265	24,265
Total group assets	7,442	1,117	550	404	55,561	65,074
2016						
Total assets for reportable segments	8,776	602	639	76	–	10,093
Unallocated:						
Property, plant and equipment	–	–	–	–	24,152	24,152
Deferred tax assets	–	–	–	–	314	314
Inventories	–	–	–	–	20,216	20,216
Cash and cash equivalents	–	–	–	–	3,433	3,433
Other unallocated amounts	–	–	–	–	505	505
Total group assets	8,776	602	639	76	48,620	58,713

The assets are not allocated to operating segment because they are not directly attributable to the segment or cannot be allocated to the segment on a reasonable basis.

4. Financial information by operating segments (cont'd)

4D. Liabilities and reconciliations

	Precision engineering $'000	Marine $'000	Stockists and traders $'000	Other customers $'000	Unallocated $'000	Group $'000
2017						
Unallocated:						
Income tax payable	–	–	–	–	170	170
Borrowings	–	–	–	–	17,857	17,857
Trade and other payables	–	–	–	–	17,897	17,897
Total group liabilities	–	–	–	–	35,924	35,924
2016						
Unallocated:						
Income tax payable	–	–	–	–	88	88
Borrowings	–	–	–	–	16,046	16,046
Trade and other payables	–	–	–	–	14,951	14,951
Total group liabilities	–	–	–	–	31,085	31,085

The liabilities are not allocated to operating segments because they are not directly attributable to the segment or cannot be allocated to the segment on a reasonable basis.

4E. Other material items and reconciliations

	Precision engineering $'000	Marine $'000	Stockists and traders $'000	Other customers $'000	Unallocated $'000	Group $'000
Impairment (reversal) of receivables and inventories (net)						
2017	(141)	–	–	–	227	86
2016	276	795	669	–	(91)	1,649
Plant and equipment written off						
2017	–	–	–	–	400	400
2016	–	–	–	–	–	–
Expenditure for non-current assets						
2017	–	–	–	–	680	680
2016	–	–	–	–	377	377

4. Financial information by operating segments (cont'd)

4F. Geographical information

	Revenue		Non-current assets	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Singapore	10,541	7,850	1,420	22,888
Taiwan	9,025	5,930	350	379
China	7,444	10,008	347	518
Malaysia	4,813	4,481	554	473
Indonesia	2,772	2,017	–	–
Other countries	3,761	3,876	–	–
Total continuing operations	38,356	34,162	2,671	24,258

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments and deferred tax assets.

4G. Information about major customers

	Group	
	2017	2016
	$'000	$'000
Revenue		
Top 1 customer in precision engineering segment	5,925	3,375

5. Revenue

	Group	
	2017	2016
	$'000	$'000
Sale of goods	37,449	33,415
Rental income	619	563
Other income	288	184
	38,356	34,162

6. Interest income

	Group	
	2017	2016
	$'000	$'000
Interest income	5	2

7. Other gains and (other losses)

	Group	
	2017	2016
	$'000	$'000
Allowance for impairment on trade receivables	(55)	(1,777)
Allowance for impairment on inventories	(302)	(4)
Bad debts written off	(16)	(10)
Foreign exchange adjustment gains (losses)	227	(300)
Plant and equipment written off	(400)	–
Reversal for impairment on trade receivables	212	47
Reversal for impairment on inventories	75	95
Gains on disposal of property, plant and equipment	1,753	56
Other income	25	71
Net	1,519	(1,822)
Presented in profit or loss as:		
Other gains	2,292	269
Other losses	(773)	(2,091)
Net	1,519	(1,822)

8. Finance costs

	Group	
	2017	2016
	$'000	$'000
Interest expense	897	946

9. Employee benefits expense

	Group	
	2017	2016
	$'000	$'000
Short term employee benefits expense	3,854	3,421
Contributions to defined contribution plans	261	251
Other benefits	64	34
Total employee benefits expense	4,179	3,706
The employee benefits expense is charged as follows:		
Cost of sales	779	669
Administrative expenses	3,400	3,037
	4,179	3,706

10. Other expenses

The major components and other selected components include the following:

	Group	
	2017	2016
	$'000	$'000
Distribution costs		
Commission expenses	330	339
Entertainment expenses	134	112
Travelling expenses	156	130
Administrative expenses		
Employee benefits expense (Note 9)	3,400	3,037

11. Income tax

11A. Components of tax expense (income) recognised in profit or loss include:

	Group	
	2017	2016
	$'000	$'000
Current tax expense:		
Current tax expense	294	90
Under adjustments in respect of prior periods	17	10
Subtotal	311	100
Deferred tax expense (income):		
Deferred tax expense (income)	10	(32)
(Over) under adjustments in respect of prior periods	(23)	100
Subtotal	(13)	68
Total income tax expense	298	168

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate. The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2016: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2017	2016
	$'000	$'000
Profit (loss) before tax	1,850	(2,265)
Income tax expense (income) at the above rate	315	(385)
Expenses not deductible for tax purposes	208	161
Income not subject to tax	(300)	–
Tax exemptions	(42)	(49)
(Over) under adjustments to tax in respect of prior periods	(6)	110
Effect of different tax rates in different countries	75	45
Deferred tax assets not recognised	48	286
Total income tax expense	298	168

There are no income tax consequences of dividends to owners of the company.

11. Income tax (cont'd)

11B. Deferred tax expense (income) recognised in profit or loss include:

	Group	
	2017	2016
	$'000	$'000
Excess of tax over book depreciation on plant and equipment	(60)	120
Tax loss carryforwards	96	(431)
Unutilised capital allowances carryforwards	(97)	91
Deferred tax assets not recognised	48	286
Total deferred income tax (income) expense recognised in profit or loss	(13)	66

11C. Deferred tax balance in the statements of financial position:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
From deferred tax assets (liabilities) recognised in profit or loss:				
Excess of tax values over net book value of plant and equipment	66	6	–	–
Tax loss carryforwards	557	653	–	–
Unutilised capital allowances carryforwards	189	92	–	–
Deferred tax assets not recognised	(485)	(437)	–	–
Net balance	327	314	–	–

Temporary differences arising from interests in subsidiaries are insignificant.

For the Singapore companies, the realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined. The tax loss carryforwards from Singapore companies amounted to $3,144,000 (2016: $3,166,000).

For the People's Republic of China companies, the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances can be carried forward for 5 years. In the reporting year ended 31 December 2016, the unrecognised tax loss carry forwards of $452,000 will expire in 2017 to 2021. There were none for the reporting year ended 31 December 2017.

12. Items in consolidated statement of profit or loss and other comprehensive income

In addition to the profit or loss line items disclosed elsewhere in the notes to the financial statements, this item includes the following expenses:

	Group	
	2017	2016
	$'000	$'000
Audit fees to the independent auditors of the company	83	83
Audit fees to the other independent auditors	27	31
Other fees to the independent auditors of the company	20	20
Other fees to the other independent auditors	17	15

13. Earnings per share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

	Group	
	2017	2016
	$'000	$'000
Numerators: profits (losses) attributable to owners of the company		
Continuing operations: attributable to equity holders	1,552	(2,433)

	2017	2016
	'000	'000
Denominators: weighted average number of equity shares		
Basic	108,000	108,000
Diluted	108,000	108,000

The weighted average number of equity shares refers to shares in issue outstanding during the reporting period.

The basic earnings per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. The diluted earnings per share is based on the weighted average number of ordinary shares and dilutive ordinary share equivalents outstanding during each reporting year. Both basic and diluted earnings per share are the same as there are no dilutive ordinary share equivalents outstanding during the reporting year.

14. Property, plant and equipment

Group	Freehold property $'000	Leasehold property and improvements $'000	Plant and equipment $'000	Total $'000
Cost:				
At 1 January 2016	457	22,737	5,931	29,125
Additions	–	86	291	377
Disposals	–	–	(332)	(332)
Foreign exchange adjustments	(10)	4	(62)	(68)
At 31 December 2016	447	22,827	5,828	29,102
Additions	–	102	578	680
Disposals	–	(22,903)	(1,180)	(24,083)
Foreign exchange adjustments	9	1	(15)	(5)
At 31 December 2017	456	27	5,211	5,694
Accumulated depreciation:				
At 1 January 2016	44	1,036	2,992	4,072
Depreciation for the year	7	635	585	1,227
Disposals	–	–	(329)	(329)
Foreign exchange adjustments	(1)	2	(21)	(20)
At 31 December 2016	50	1,673	3,227	4,950
Depreciation for the year	7	344	558	909
Disposals	–	(2,012)	(744)	(2,756)
Foreign exchange adjustments	1	–	(5)	(4)
At 31 December 2017	58	5	3,036	3,099
Carrying value:				
At 1 January 2016	413	21,701	2,939	25,053
At 31 December 2016	397	21,154	2,601	24,152
At 31 December 2017	398	22	2,175	2,595

The depreciation expense is charged as follows:

	Group	
	2017 $'000	2016 $'000
Cost of sales	612	908
Administrative expenses	297	319
Total	909	1,227

As at the end of the reporting year, the group's freehold and leasehold properties are mortgaged to the bank for credit facilities and term loans as disclosed in Note 23. Also see Note 28.

Plant and equipment with a net book value of $8,000 (2016: $40,000) are registered in the names of the directors who hold the assets in trust for the group.

Certain items are under finance lease agreements (see Note 23C).

15. Intangible assets

	Group 2017 $'000	Group 2016 $'000
Customer lists	76	106
Cost:		
Balance at beginning of the year	148	141
Foreign exchange adjustments	(1)	7
Balance at end of the year	147	148
Accumulated amortisation:		
Balance at beginning of the year	42	12
Amortisation for the year	30	28
Foreign exchange adjustments	(1)	2
Balance at end of the year	71	42
Carrying value:		
Balance at beginning of the year	106	129
Balance at end of the year	76	106

The amortisation expense is charged to administrative expenses.

16. Investments in subsidiaries

	Company 2017 $'000	Company 2016 $'000
Balance at beginning and end of the year	11,871	11,871
Total cost comprising:		
Unquoted equity shares at cost	11,871	11,871
Total at cost	11,871	11,871
Analysis of amounts denominated in non-functional currencies:		
Malaysian Ringgit	605	605
Taiwan Dollar	661	661

16. Investments in subsidiaries (cont'd)

The subsidiaries held by the company and the group are listed below:

Name of subsidiaries, country of incorporation, place of operations, principal activities and independent auditors	Cost in books of company 2017 $'000	Cost in books of company 2016 $'000	Effective percentage of equity held 2017 %	Effective percentage of equity held 2016 %
Held by the company				
SL Metals Pte. Ltd. (Formerly known as Soon Lian Hardware (Pte.) Ltd.) Singapore Supplier of aluminium alloy products (RSM Chio Lim LLP)	8,444	8,444	100	100
SL Metals (M) Sdn. Bhd. [a] (Formerly known as Soon Lian Hardware (M) Sdn. Bhd) Malaysia Supplier of aluminium alloy products (ASQ PLT)	605	605	100	100
SL Corporation Pte. Ltd. (Formerly known as Soon Lian Corporation Pte. Ltd.) Singapore Investment holding (RSM Chio Lim LLP)	2,161	2,161	99.5	99.5
SL Metal (Taiwan) Co., Ltd. [b] Taiwan Supplier of aluminium alloy products (RSM Taiwan)	661	661	100	100
	11,871	11,871		
Held through SL Corporation Pte. Ltd.				
SL Metal (Suzhou) Co., Ltd [a] People's Republic of China Supplier of aluminium alloy products (Shu Lun Pan Certified Public Accountants LLP)			99.5	99.5
SL Metal (Shenzhen) Co., Ltd [c] People's Republic of China Supplier of aluminium alloy products			99.5	99.5

[a] Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

[b] Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

[c] Dormant during the year. The subsidiary is currently under members' voluntary winding up.

As is required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited, the audit committee and the board of directors of the company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the group.

There are no subsidiaries that have non-controlling interests that are considered material to the reporting entity.

17. Inventories

	Group 2017 $'000	Group 2016 $'000
Finished goods and goods for resale	22,462	20,216

Inventories are stated after allowance.

	2017	2016
Movements in allowance:		
Balance at beginning of the year	468	589
Charge (reversal) to profit or loss included in other losses and (other gains), net	227	(91)
Foreign exchange adjustments	(13)	(30)
Balance at end of the year	682	468
(Increase) decrease in inventories of finished goods	(2,246)	7,844
Purchase of inventories	31,268	17,620
The amount of inventories included in cost of sales	29,022	25,464

There are no inventories pledged as security for liabilities.

18. Trade and other receivables

	Group		Company	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade receivables:				
Outside parties	12,433	13,192	–	–
Less allowance for impairment	(2,920)	(3,099)	–	–
Net trade receivables - subtotal	9,513	10,093	–	–
Other receivables:				
Subsidiaries (Note 3)	–	–	1,982	1,792
Income tax recoverable	–	12	–	–
Other receivables [(a)]	24,075	324	–	–
Net other receivables - subtotal	24,075	336	1,982	1,792
Total trade and other receivables	33,588	10,429	1,982	1,792
Movements in above allowance:				
Balance at beginning of the year	3,099	1,433	–	–
(Reversal) charge for trade receivables to profit or loss included in other gains and (other losses), net	(157)	1,730	–	–
Bad debts written off	–	(7)	–	–
Foreign exchange adjustments	(22)	(57)	–	–
Balance at end of the year	2,920	3,099	–	–

(a) Included in other receivables above is the proceed from disposal of the group's leasehold property totalling $23,000,000 which has been fully received by the group subsequent to year end.

19. Other assets

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Prepayments	114	63	19	19

20. Cash and cash equivalents

	Group 2017 $'000	Group 2016 $'000	Company 2017 $'000	Company 2016 $'000
Not restricted in use	5,912	3,433	500	240

The interest earning balances are not significant.

20A. Cash and cash equivalents in the consolidated statement of cash flows:

	Group 2017 $'000	Group 2016 $'000
Amount as shown above	5,912	3,433
Bank overdrafts (Note 23)	(578)	(1,210)
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the year	5,334	2,223

20B. Non-cash transactions:

There were acquisitions of plant and equipment with a total cost of $52,000 (2016: $137,000) acquired by means of finance leases.

20C. Reconciliation of liabilities arising from financing activities:

	2016 $'000	Cash flows $'000	Non-cash Changes $'000	2017 $'000
Bills payables (Note 24)	4,179	5,220	–	9,399
Parent company (Note 24)	5,055	(5,055)	–	–
Other financial liabilities (Note 23)	14,836	2,390	53[a]	17,279
Total liabilities from financing activities	24,070	2,555	53	26,678

[a] Foreign exchange movements

Other financial liabilities exclude bank overdrafts as disclosed in Note 20A.

21. Share capital

	Number of shares issued '000	Share capital $'000
Group and Company		
Ordinary shares of no par value:		
Balance at beginning and end of the year 31 December 2016 and 31 December 2017	108,000	10,579

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements except as mentioned below.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

In order to maintain its listing on the Singapore Stock Exchange it has to have share capital with a free float of at least 10% of the shares. The company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year. Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year.

The management does not set a target level of gearing but uses capital opportunistically to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

The group is not subject to any externally imposed capital requirements except for financial covenants as stipulated by its banks in respect of certain bank loans and bank guarantee facilities granted and non-distributable statutory reserve of its subsidiaries in the People's Republic of China.

The above externally imposed capital requirements have been complied with by the group for the reporting years ended 31 December 2017 and 2016.

21. Share capital (cont'd)

Capital management (cont'd)

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

	Group	
	2017 $'000	2016 $'000
Net debt:		
All current and non-current borrowings including finance leases	27,256	25,280
Less cash and cash equivalents	(5,912)	(3,433)
Net debt	21,344	21,847
Adjusted capital:		
Total equity	29,150	27,628
Adjusted capital	29,150	27,628
Debt-to-adjusted capital ratio	0.73	0.79

There was a favourable change due to increased cash and cash equivalents.

The company has no external borrowings. The debt-to-adjusted capital ratio does not provide a meaningful indicator of the risk of borrowings.

22. Other reserves

	Group	
	2017 $'000	2016 $'000
Statutory reserve (Note 22A)	225	225
Foreign currency translation reserve (Note 22B)	(13)	17
	212	242

All reserves classified on the face of the statement of financial position as retained earnings represents past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

22A. Statutory reserve

	Group	
	2017 $'000	2016 $'000
At beginning and end of the year	225	225

In accordance with the relevant laws and regulations in the People's Republic of China, the subsidiaries in China are required to appropriate a minimum of 10% of the net profits after taxation reported in the statutory accounts to the statutory reserve until the balance of such reserve reaches 50% of its registered share capital. The amount to be set aside is determined by the board of directors of the subsidiaries annually in accordance with the relevant regulations. This reserve cannot be used for purposes other than those for which is created.

22. Other reserves (cont'd)

22B. Foreign currency translation reserve

	Group 2017 $'000	Group 2016 $'000
At beginning of the year	17	138
Exchange differences on translating foreign operations	(30)	(121)
At end of the year	(13)	17

The foreign currency translation reserve accumulates all foreign exchange differences arising from translating foreign operations.

23. Other financial liabilities

	Group 2017 $'000	Group 2016 $'000
Non-current:		
Financial instruments with floating interest rates:		
Term loans (secured) (Note 23B)	163	12,980
Financial instruments with fixed interest rates:		
Term loans (unsecured) (Note 23B)	2,390	229
Finance leases (Note 23C)	43	76
Total non-current portion	2,596	13,285
Current:		
Financial instruments with floating interest rates:		
Bank overdrafts (secured) (Note 23A)	–	18
Bank overdrafts (unsecured) (Note 23A)	578	1,192
Term loans (secured) (Note 23B)	14,051	624
Term loans (unsecured) (Note 23B)	210	710
Financial instruments with fixed interest rates:		
Finance leases (Note 23C)	79	163
Term loans (unsecured) (Note 23B)	343	54
Total current portion	15,261	2,761
Total	17,857	16,046
The non-current portion is repayable as follows:		
Due within 2 to 5 years	2,221	2,799
After 5 years	375	10,486
Total non-current portion	2,596	13,285

23. Other financial liabilities (cont'd)

The range of floating interest rates paid were as follows:

	2017	2016
Bank overdrafts (secured)	–	7.60% to 7.90%
Bank overdrafts (unsecured)	5.50%	5.25% to 6.25%
Term loans (secured)	2.59% to 7.11%	2.19% to 7.15%
Term loans (unsecured)	6.00%	3.40% to 3.70%

The range of fixed interest rates paid were as follows:

	2017	2016
Term loans (unsecured)	6.00%	3.00% to 6.25%

The floating rate debt instruments are with interest rates that are re-set regularly.

23A. Bank overdrafts

The bank agreements for certain of the bank overdrafts and other credit facilities provide among other matters for the following:-

(a) The first and legal charge over the subsidiaries' freehold and leasehold properties (Note 14); and

(b) Corporate guarantee from the company.

23B. Term loans

	Group	
	2017	2016
	$'000	$'000
Term loan 1 (secured) [a]	12,885	13,423
Term loans 2 (secured) [b]	1,329	181
Term loans 3 (unsecured) [c]	2,943	710
Term loan 4 (unsecured) [d]	–	283
	17,157	14,597

(a) Term loan 1 is repayable by 240 monthly instalments commencing May 2014. The loan is classified as "current" and will be repaid in the following year because the leasehold property secured against this loan has been sold during the year 2017. Also see Note 28.

(b) Term loans 2 are repayable through a range of 36 to 240 monthly instalments commencing from May 2006 to May 2017.

(c) Term loans 3 are repayable through a range of 36 to 72 monthly instalments commencing from May 2015 to November 2017.

(d) Term loan 4 is repayable by 60 monthly instalments commencing September 2016. It has been fully settled in the reporting year 2017.

The bank agreements for certain of the term loans provide among other matters for the following:-

(a) The first and legal charge over the subsidiaries' freehold and leasehold properties (Note 14); and

(b) Corporate guarantee from the company.

23. Other financial liabilities (cont'd)

23C. Finance leases

Group	Minimum payments $'000	Finance charges $'000	Present value $'000
2017			
Minimum lease payments payable:			
Due within one year	84	(5)	79
Due within 2 to 5 years	45	(2)	43
Total	129	(7)	122
Net book value of plant and equipment under finance leases			232

	Minimum payments $'000	Finance charges $'000	Present value $'000
2016			
Minimum lease payments payable:			
Due within one year	177	(14)	163
Due within 2 to 5 years	93	(17)	76
Total	270	(31)	239
Net book value of plant and equipment under finance leases			571

There are leased assets under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets.

Other details are as follows:

	Group 2017	Group 2016
Average lease term, in years	1 – 3	1 – 3
Fixed borrowing rates per year	1.55% to 7.12%	1.55% to 2.60%

The total for finance leases and the fixed borrowing rates per year is disclosed above. The fair value (Level 2) is a reasonable approximation of the carrying amount. The fair value of the finance leases was estimated by discounting the future cash flows payable under the terms of the finance leases using the interest rate ranging between 1.55% to 7.12% (2016: 1.55% to 2.60%) per year applicable to similar finance leases.

24. Trade and other payables

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Trade payables:				
Outside parties and accrued liabilities	8,214	5,600	397	273
Bills payables to banks [(a)]	9,399	4,179	–	–
Trade payables – subtotal	17,613	9,779	397	273
Other payables:				
Other payables	284	117	13	15
Parent company (Note 3) [(b)]	–	5,055	–	–
Other payables – subtotal	284	5,172	13	15
Total trade and other payables	17,897	14,951	410	288

(a) The range of floating interest rates was 1.75% to 3.64% (2016: 2.73% to 5.50%) per annum.

(b) In the reporting year 2016, the balance consists of loan from parent company of $5,000,000 of which $4,000,000 is interest-bearing, payable on demand and unsecured. The range of floating interest rates was 2.94% to 3.59% per annum. The loan has been fully repaid during the reporting year 2017.

25. Operating lease payment commitments – as lessee

At the end of the reporting year, the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group	
	2017	2016
	$'000	$'000
Not later than one year	652	391
Later than one year and not later than five years	126	1,175
Later than five years	–	6,658
Rental expense for the year	480	589

Operating lease payments represent mainly rentals payable for factory properties, warehouse and dormitory. The lease rental term for subsidiaries' factory properties ranges from 1 to 3 years. The above rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

26. Operating lease income commitments – as lessor

At the end of the reporting year, the total of future minimum lease receivables committed under non-cancellable operating leases are as follows:

	Group	
	2017	2016
	$'000	$'000
Not later than one year	42	582
Later than one year and not later than five years	–	483
Rental income for the year	619	563

Operating lease income commitments are for certain factory property. The lease rental income terms are negotiated for terms of 6 to 12 months and rentals are subject to an escalation clause.

27. Financial instruments: information on financial risks

27A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	5,912	3,433	500	240
Loans and receivables	33,588	10,417	1,982	1,792
At end of the year	39,500	13,850	2,482	2,032
Financial liabilities:				
Other financial liabilities measured at amortised cost	17,857	16,046	–	–
Trade and other payables measured at amortised cost	17,897	14,951	410	288
At end of the year	35,754	30,997	410	288

Further quantitative disclosures are included throughout these financial statements.

27B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.

27 Financial instruments: information on financial risks (cont'd)

27B. Financial risk management (cont'd)

3. All financial risk management activities are carried out and monitored by senior management staff.

4. All financial risk management activities are carried out following acceptable market practices.

5. When appropriate consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

The chief financial officer who monitors the procedures reports to the board.

With regard to derivatives, the policies include the following:

1. The management documents carefully all derivatives including the relationship between them and the hedged items at inception and throughout their life.

2. Ineffectiveness is recognised in profit or loss as soon as it arises.

3. Effectiveness is assessed at the inception of the hedge and at each end of the reporting year ensuring that FRS 39 criteria are met.

4. Only financial institutions with acceptable credit ratings are used as counterparties for derivatives.

27C. Fair values of financial instruments

The analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

27D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on debtors an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with debtors is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management.

27. Financial instruments: information on financial risks (cont'd)

27D. Credit risk on financial assets (cont'd)

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 90 days (2016: 30 to 90 days). But some customers take a longer period to settle the amounts.

(a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group	
	2017	**2016**
	$'000	**$'000**
Trade receivables:		
Less than 30 days	3,937	1,575
31 - 60 days	662	729
Over 60 days	1,006	1,809
Total	5,605	4,113

(b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group	
	2017	**2016**
	$'000	**$'000**
Trade receivables:		
Over 180 days	2,920	3,099
Total	2,920	3,099

The allowance which is disclosed in the note on trade receivables is based on individual accounts totaling $2,920,000 (2016: $3,099,000) that are determined to be impaired at the end of reporting year. These are not secured.

Other receivables are normally with no fixed terms and therefore there is no maturity.

Concentration of trade receivable customers as at the end of reporting year:

	Group	
	2017	**2016**
	$'000	**$'000**
Top 1 customer	1,602	985
Top 2 customers	2,264	1,895
Top 3 customers	2,844	2,710

27. Financial instruments: information on financial risks (cont'd)

27E. Liquidity risk – financial liabilities maturity analysis

The following tables analyse the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows).

Group	Less than 1 year $'000	2 – 5 years $'000	Over 5 years $'000	Total $'000
Non-derivative financial liabilities:				
2017:				
Gross borrowing commitments	15,674	2,743	421	18,838
Gross finance lease obligations	84	45	–	129
Trade and other payables	17,975	–	–	17,975
At end of the year	33,733	2,788	421	36,942
2016:				
Gross borrowing commitments	2,719	3,041	13,860	19,620
Gross finance lease obligations	177	93	–	270
Trade and other payables	15,069	–	–	15,069
At end of the year	17,965	3,134	13,860	34,959

	Less than 1 year	
	2017 $'000	2016 $'000
Company		
Non-derivative financial liabilities:		
Trade and other payables	410	288
At end of the year	410	288

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 90 days (2016: 30 to 90 days). The classification of the financial assets is shown in the statements of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

27. Financial instruments: information on financial risks (cont'd)

27E. Liquidity risk – financial liabilities maturity analysis (cont'd)

Financial guarantee contracts – for issued financial guarantee contracts the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called. At the end of the reporting year, no claims on the financial guarantees are expected to be payable. The following table shows the maturity analysis of the contingent liabilities from financial guarantees.

Company	Less than 1 year $'000	2 – 5 years $'000	Over 5 years $'000	Total $'000
2017:				
Corporate guarantee in favour of subsidiaries (Note 3)	24,660	2,221	375	27,256
At end of the year	24,660	2,221	375	27,256
2016:				
Corporate guarantee in favour of subsidiaries (Note 3)	6,940	2,799	10,486	20,225
At end of the year	6,940	2,799	10,486	20,225

	Group 2017 $'000	Group 2016 $'000
Bank facilities:		
Undrawn borrowing facilities	39,475	41,837

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for the operations. A schedule showing the maturity of financial liabilities and unused bank facilities is provided regularly to management to assist in monitoring the liquidity risk.

27F. Interest rate risk

The interest rate risk exposure is from changes in fixed and floating interest rates and it mainly concerns financial liabilities. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments (excluding derivatives) by type of interest rate:

	Group 2017 $'000	Group 2016 $'000
Financial liabilities with interest:		
Fixed rates	2,855	522
Floating rates	24,401	23,703
Total at end of the year	27,256	24,225

The floating rate debt instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in the respective notes.

27. Financial instruments: information on financial risks (cont'd)

27F. Interest rate risk (cont'd)

Sensitivity analysis:

	Group 2017 $'000	Group 2016 $'000
Financial liabilities:		
A hypothetical variation in interest rates by 100 basis points with all other variables held constant, would have an increase / decrease in pre-tax profit for the year by	244	237

The analysis has been performed for fixed and floating interest rate over a year for financial instruments. The impact of a change in interest rates on fixed interest rate financial instruments has been assessed in terms of changing of their fair value. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on profit or loss. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

27G. Foreign currency risks

Analysis of amounts denominated in foreign currencies:

Group	US Dollars $'000	China RMB $'000	Malaysian Ringgit $'000	Taiwan Dollars $'000	Total $'000
2017:					
Financial assets:					
Cash	1,479	2,473	791	280	5,023
Loans and receivables	2,029	2,280	494	1,206	6,009
Total financial assets	3,508	4,753	1,285	1,486	11,032
Financial liabilities:					
Other financial liabilities	–	86	217	–	303
Trade and other payables	11,119	2,056	898	942	15,015
Total financial liabilities	11,119	2,142	1,115	942	15,318
Net financial assets (liabilities) at end of the year	(7,611)	2,611	170	544	(4,286)

27. Financial instruments: information on financial risks (cont'd)

27G. Foreign currency risks (cont'd)

Group	US Dollars $'000	China RMB $'000	Malaysian Ringgit $'000	Taiwan Dollars $'000	Total $'000
2016:					
Financial assets:					
Cash	2,095	410	158	443	3,106
Loans and receivables	1,850	3,747	605	796	6,998
Total financial assets	3,945	4,157	763	1,239	10,104
Financial liabilities:					
Other financial liabilities	–	86	217	–	303
Trade and other payables	4,462	2,364	756	449	8,031
Total financial liabilities	4,462	2,450	973	449	8,334
Net financial assets (liabilities) at end of the year	(517)	1,707	(210)	790	1,770

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis:

	Group 2017 $'000	Group 2016 $'000
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the US$ with all other variables held constant would have a favourable effect on profit before tax of	761	52
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the RMB with all other variables held constant would have an adverse effect on profit before tax of	(261)	(171)

The above table shows sensitivity to a hypothetical percentage variations in the functional currency against the relevant foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each foreign currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out without taking into consideration hedged transactions.

27. Financial instruments: information on financial risks (cont'd)

27G. Foreign currency risks (cont'd)

There is a favorable change in foreign currency rates sensitivity on US Dollars for the current reporting year mainly due to the increase in foreign currency liabilities, while an adverse change in foreign currency rates sensitivity on China RMB for the current reporting year is mainly due to the increase in foreign currency assets.

The sensitivity analysis on Malaysian Ringgit and Taiwan Dollars are not performed as they are representing the functional currency of its subsidiaries and the foreign currency risk is minimal.

28. Events after the end of the reporting year

Subsequent to the end of the reporting year, upon full receipt of the proceed from the disposal of the group's leasehold property, the group has also fully settled the associated term loan.

In February 2018, the company has acquired 0.5% interest in the subsidiary SL Corporation Pte. Ltd. from the non-controlling interest, resulting in it becoming a 100% subsidiary of the group.

29. Changes and adoption of financial reporting standards

For the current reporting year new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 7	Amendments to FRS 7: Disclosure Initiative
FRS 12	Amendments to FRS 12: Recognition Of Deferred Tax Assets For Unrealised Losses
FRS 112	Amendments to FRS 112: Disclosure of Interests in Other Entities

30. New or amended standards in issue but not yet effective

Companies listed on the Singapore Exchange ("SGX") currently reporting under Singapore Financial Reporting Standards are required to comply with new financial reporting standards (issued by the Singapore Accounting Standards Council) that would be identical to the International Financial Reporting Standards for reporting years beginning on after 1 January 2018. The new framework is referred to as SG-IFRS. Non-listed companies may elect to voluntarily apply SG-IFRS. SG-IFRS 1 First-time Adoption of International Financial Reporting Standards will be adopted in the financial statements when it becomes mandatory. Based on the current accounting treatment of the account balances management does not anticipate that the application of SG-IFRS 1 will have a material impact on the financial position and / or financial performance of the reporting entity.

30. New or amended standards in issue but not yet effective (cont'd)

Those applicable to the reporting entity for future reporting years are listed below.

SFRS(I) No.	Title	Effective date for periods beginning on or after
SFRS(I) 9	Financial Instruments	1 Jan 2018
SFRS(I) 15	Revenue from Contracts with Customers. Amendments to SFRS(I) 115: Clarifications to SFRS(I) 115 Revenue from Contracts with Customers	1 Jan 2018
SFRS(I) 16	Leases and Leases - Illustrative Examples & Amendments to Guidance on Other Standards	1 Jan 2019
SFRS(I) INT 22	Foreign Currency Transactions and Advance Consideration	1 Jan 2018
SFRS(I) INT 23	Uncertainty over Income Tax Treatments	1 Jan 2019

SFRS(I) 9 Financial Instruments will replace FRS 39 effective for annual periods beginning on or after 1 January 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition. SFRS(I) 9 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics. For financial liabilities, SFRS(I) 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch. For the impairment of financial assets, SFRS(I) 9 introduces an "expected credit loss" ("ECL") model based on the concept of providing for expected losses at inception of a contract; recognition of a credit loss should no longer wait for there to be objective evidence of impairment. For hedge accounting, SFRS(I) 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures. The recognition and derecognition provisions are carried over almost unchanged from FRS 39.

On the basis of the facts and circumstances that exist as at 31 December 2017 (see accounting policy in Note 2 and disclosures in Note 18) the entity does not anticipate that the application of the new standard will have a material impact on the financial position and/or financial performance of the entity, apart from providing more extensive disclosures on the entity's financial instruments.

SFRS(I) 16 Leases is effective for annual periods beginning on or after 1 January 2019 and it replaces SFRS(I) 1-17 and the related interpretations. For the lessee, the biggest change introduced is that almost all leases will be brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. For the lessor, the accounting remains largely unchanged and the distinction between operating and finance leases is retained. SFRS(I) 16 will be adopted in the financial statements when it becomes mandatory, with the following effects: For the entity's non-cancellable operating lease commitments of $778,000 as at 31 December 2017 (Note 25), a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under SFRS(I) 16. Thus, the entity will have to recognise a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases upon the application of SFRS(I) 16) which might have a material impact on the amounts recognised in the financial statements. However, it is not practicable to provide a reasonable financial estimate of that effect until the detailed review by management is completed. As for the finance leases of a lessee, as the financial statements have already recognised an asset and a related finance lease liability for the lease arrangement, the application of SFRS(I) 16 is not expected to have a material impact on the amounts recognised in the financial statements.

PROPERTY OF THE GROUP

Year Ended 31December 2017

Location	Description	Existing use	Tenure of land
5 Jalan Gemilang 3 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johor, Malaysia	Semi-detached factory	Office, workshop and warehouse	Freehold

STATISTICS OF SHAREHOLDINGS

As at 15 March 2018

SHARE CAPITAL

Issued and fully paid-up share capital	:	SGD 11,859,000
Number of issued shares	:	108,000,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per ordinary share
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil

DISTRIBUTION OF SHAREHOLDERS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	–	–	–	–
100 - 1,000	11	2.76	10,800	0.01
1,001 - 10,000	248	62.15	1,322,300	1.22
10,001 - 1,000,000	130	32.58	14,265,900	13.21
1,000,001 and Above	10	2.51	92,401,000	85.56
Total	**399**	**100.00**	**108,000,000**	**100.00**

SHAREHOLDINGS HELD BY THE PUBLIC

Based on the information available to the Company as at 15 March 2018, approximately 27.32% of the issued ordinary shares of the Company is held by the public as defined in the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") and therefore, Rule 723 of the Catalist Rules is complied with.

TWENTY LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	Soon Tien Holdings Pte. Ltd.	72,900,000	67.50
2	Citibank Nominees Singapore Pte Ltd	5,650,000	5.23
3	2G Capital Pte Ltd	5,000,000	4.63
4	Sia Ling Sing	1,665,000	1.54
5	Ng Kim Ying	1,600,000	1.48
6	Maybank Kim Eng Securities Pte Ltd	1,255,000	1.16
7	Tan Gin Mong	1,206,000	1.12
8	Ang Yu Seng	1,100,000	1.02
9	Tan Ee Hoon	1,012,500	0.94
10	Tan Ee Tin	1,012,500	0.94
11	Tan Yee Chin	998,334	0.92
12	Tan Yee Ho	998,333	0.92
13	Tan Yee Leong	998,333	0.92
14	Kuah Kian Hoe	764,000	0.71
15	Ang De Yu	600,000	0.56
16	Lim Bok Teck	455,000	0.42
17	Sok Hang Chaw	450,000	0.42
18	Tan Lay Peng	400,000	0.37
19	Chin Kai Seng	389,900	0.36
20	United Overseas Bank Nominees (Private) Limited	319,000	0.30
Total		**98,773,900**	**91.46**

STATISTICS OF SHAREHOLDINGS

As at 15 March 2018

SUBSTANTIAL SHAREHOLDERS

(as shown in the Company's Register of Substantial Shareholders)

Name of shareholder	Direct interest No. of shares	% of shares	Deemed interest No. of shares	% of shares
Soon Tien Holdings Pte. Ltd.	72,900,000	67.50	–	–
Tan Yee Chin [(1)(2)]	998,334	0.92	73,300,000	67.87
Tan Yee Ho [(1)]	998,333	0.92	72,900,000	67.50
Tan Yee Leong [(1)]	998,333	0.92	72,900,000	67.50

Notes:

(1) Each of Tan Yee Chin, Tan Yee Ho and Tan Yee Leong is deemed to have an interest in the shares held by Soon Tien Holdings Pte. Ltd. by virtue of his holding more than 20% of the total issued shares in Soon Tien Holdings Pte. Ltd..

(2) Tan Yee Chin is deemed to have an interest in the 400,000 shares held by his wife, Tan Lay Peng.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2018 Annual General Meeting of the shareholders of Soon Lian Holdings Limited (the "**Company**") will be held at 9 Tuas Avenue 2 Singapore 639449 on Friday, 20 April 2018 at 9.30 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

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

2. To re-elect Mr Tan Yee Ho, a Director of the Company retiring pursuant to Regulation 104 of the Constitution of the Company ("**Constitution**") and who, being eligible, offer himself for re-election, as a Director of the Company. **Resolution 2**

   [See Explanatory Note (i)]

3. To re-elect Mr Tan Yee Leong, a Director of the Company retiring pursuant to Regulation 104 of the Constitution and who, being eligible, offer himself for re-election, as a Director of the Company. **Resolution 3**

   [See Explanatory Note (i)]

4. To approve the payment of Directors' fees of S$85,000 for the financial year ended 31 December 2017 (FY2016: S$85,000). **Resolution 4**

5. To re-appoint Messrs RSM Chio Lim LLP as the Company's Auditors and to authorise the Directors of the Company to fix their remuneration. **Resolution 5**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without any modifications, the following resolution as Ordinary Resolution:

6. **Proposed Share Issue Mandate** **Resolution 6**

   "That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Rules of Catalist**"), the Directors of the Company be authorised and empowered to:

   (a) (i) allot and issue shares in the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force, provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(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 total number of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

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

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares,

and, in sub-paragraph (1) above and this sub-paragraph (2), “subsidiary holdings” has the meaning given to it in the Rules of Catalist;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting 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 earlier.”

[See Explanatory Note (ii)]

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

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Each of Mr Tan Yee Ho and Mr Tan Yee Leong will, upon re-election as a Director of the Company, remain as the Executive Director of the Company. Detailed information on Mr Tan Yee Ho and Mr Tan Yee Leong can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Statement by Directors" of the Company's Annual Report 2017. Save as disclosed therein, there are no material relationships (including immediate family relationships) between Mr Tan Yee Ho and Mr Tan Yee Leong and the other Directors of the Company, the Company or its 10% shareholders.

(ii) The proposed Ordinary Resolution 6 above, if passed, will empower the Directors of the Company, effective 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 or such authority is revoked or varied by the Company in a general meeting, whichever is the earlier, to allot and issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro-rata basis to existing shareholders of the Company.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

BY ORDER OF THE BOARD

Ng Kim Ying
Company Secretary

Singapore

Date: 4 April 2018

Notes:

a) A member of the Company (not being a relevant intermediary) entitled to attend, speak and vote at the Annual General Meeting of the Company ("**Annual General Meeting**") is entitled to appoint no more than two proxies to attend, speak and vote on his/her behalf. Where a member of the Company appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which, the nomination shall be deemed to be alternative.

b) Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member of the Company who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the Annual General Meeting. A relevant intermediary is either:

(i) a banking corporation licensed under the Banking Act (Chapter 19 of Singapore) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

(ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Chapter 289 of Singapore) and holds shares in that capacity; or

(iii) the Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act (Chapter 36 of Singapore), in respect of shares purchased on behalf of CPF investors.

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

c) The instrument appointing a proxy or proxies must be deposited at the business office of Tricor Barbinder Share Registration Services, the Share Registrar of the Company, at 80 Robinson Road #11-02 Singapore 068898 not less than 48 hours before the time appointed for holding the Annual General Meeting.

d) A proxy need not be a member of the Company.

Personal Data Privacy:

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

*This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this notice.*

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

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road #09-00 ASO Building Singapore 048544, telephone (65) 6636 4201.

SOON LIAN HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200416295G)

IMPORTANT
1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is sent to them at the request of their CPF Approved Nominees solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

PROXY FORM

I/We ____

of ____
being a member(s) of Soon Lian Holdings Limited (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings

or failing him/her, the Chairman of the 2018 Annual General Meeting of the Company ("**Annual General Meeting**") as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting to be held on Friday, 20 April 2018 at 9 Tuas Avenue 2 Singapore 639449 at 9.30 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No.	Resolutions	For	Against
1	Adoption of the Statement by Directors and the Audited Financial Statements of the Company for the financial year ended 31 December 2017, together with the Auditor's Report thereon		
2	Re-election of Mr Tan Yee Ho as a Director of the Company		
3	Re-election of Mr Tan Yee Leong as a Director of the Company		
4	Approval of the payment of Directors' fees of S$85,000 for the financial year ended 31 December 2017		
5	Re-appointment of Messrs RSM Chio Lim LLP as the Auditors of the Company and authority to Directors of the Company to fix their remuneration		
6	Proposed Share Issue Mandate		

Signed this __________ day of ____________________ 2018

Total number of shares held	

____
Signature or Common Seal of shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Annual General Meeting. Where a member of the Company appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which, the nomination shall be deemed to be alternative.

3. Pursuant to Section 181 of the Companies Act, Chapter 50 of Singapore, any member of the Company who is a relevant intermediary is entitled to appoint one or more proxies to attend, speak and vote at the Annual General Meeting. A relevant intermediary is either:

   (i) a banking corporation licensed under the Banking Act (Chapter 19 of Singapore) or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;

   (ii) a capital market services license holder which provides custodial services for securities under the Securities and Futures Act (Chapter 289 of Singapore) and holds shares in that capacity; or

   (iii) the Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act (Chapter 36 of Singapore), in respect of shares purchased on behalf of CPF investors.

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

4. The instrument appointing a proxy or proxies must be deposited at the business office of Tricor Barbinder Share Registration Services, the Share Registrar of the Company, at 80 Robinson Road #11-02 Singapore 068898 not less than 48 hours before the time appointed for holding the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or signed on its behalf by an attorney duly authorised in writing or by an authorised officer of the corporation.

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointer by an attorney the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register at 72 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accept and agree to the personal data privacy terms set out in the Notice of Annual General Meeting dated 4 April 2018.

SOON LIAN HOLDINGS

SINGAPORE · CHINA · MALAYSIA · TAIWAN

Soon Lian Holdings Limited
(Company registration no. 200416295G)

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