



SOON LIAN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration Number: 200416295G)

PROPOSED ACQUISITION OF ASSETS

Introduction

The board of directors (the “**Board**” or “**Directors**”) of Soon Lian Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s wholly-owned subsidiary, SL Metal (Taiwan) Co. Ltd. (台湾首铝金属有限公司) (the “**Purchaser**”), has entered into a sale and purchase agreement dated 18 June 2015 (the “**Agreement**”) with Saint An Aluminium Co., Ltd. (圣恩铝业有限公司) (the “**Vendor**”), to acquire certain assets (the “**Relevant Assets**”) from the Vendor (the “**Proposed Acquisition**”).

Information on the Vendor

The Vendor was established under the laws of the Republic of China (Taiwan) and is principally engaged in the trading of aluminum alloy products in Taiwan. The Vendor is wholly owned by Mr Liao Jinyun, who is not related to the Directors and controlling shareholders of the Company, as well as their respective associates. Mr Liao Jinyun has over 10 years of experience in the industry of trading and wholesale of aluminium alloy products in Taiwan.

Information on the Relevant Assets

The Relevant Assets comprise the following:

- (a) inventory of aluminium alloy products (the “**Inventory**”);
- (b) fixed assets including motor vehicles, office equipment as well as plant and machinery (the “**Fixed Assets**”); and
- (c) intangible assets including goodwill, production methods, sales information and customer lists (the “**Intangible Assets**”).

The Relevant Assets do not include any liabilities incurred by the Vendor prior to the date of the Agreement and the Vendor shall remain responsible for such liabilities.

Consideration

The aggregate consideration for the Relevant Assets (the “**Consideration**”) shall be determined as follows:

- (a) a stock-take of the Inventory shall be conducted on the completion date of the Proposed Acquisition (the “**Completion Date**”), which shall be no later than 26 July 2015, and the consideration for the Inventory shall be based on the amount of Inventory as at the Completion Date and the cost price or an agreed discount to the cost price of the Inventory, depending on the type of products;
- (b) the consideration for the Fixed Assets shall be TWD6,279,542 (equivalent to approximately SGD277,000 based on an exchange rate of TWD22.67574 : SGD1 (the “**Exchange Rate**”)); and

- (c) the consideration for the Intangible Assets shall be TWD3,280,000 (equivalent to approximately SGD145,000 based on the Exchange Rate).

Based on the cost price of the Inventory as at 31 March 2015 and the aforementioned agreed consideration for the Fixed Assets and Intangible Assets, the estimated Consideration is approximately TWD25,000,000 (equivalent to approximately SGD1,102,500 based on the Exchange Rate) ("**Estimated Consideration**").

The Consideration shall be settled fully in cash as follows:

- (a) TWD2,500,000 (equivalent to approximately SGD110,000 based on the Exchange Rate) shall be paid within five (5) business days after the signing of the Agreement (the "**Initial Payment**");
- (b) 90% of the Consideration, less the Initial Payment, shall be paid within six (6) business days after the Completion Date;
- (c) 5% of the Consideration, shall be paid within three (3) months after the Completion Date; and
- (d) 5% of the Consideration, shall be paid within six (6) months after the Completion Date.

The Consideration was arrived at pursuant to negotiations between the Purchaser and the Vendor, based on (i) the cost price or an agreed discount to the cost price of the Inventory, (ii) an agreed discount to the cost price of the Fixed Assets, and (iii) an agreed value of the Intangible Assets.

There was no independent valuation conducted for the Relevant Assets.

The Company intends to fund the Proposed Acquisition with a combination of internal resources, existing bank borrowings and/or other sources of funds as the Directors deem appropriate.

Principal Terms and Conditions

Under the terms of the Agreement, the Vendor shall complete all procedures relating to the transfer of title to the Relevant Assets to the Purchaser by the Completion Date.

The Vendor has undertaken, *inter alia*, that, upon completion of the Proposed Acquisition, it will not without the prior written consent of the Purchaser, for a period of two (2) years after the date of the Agreement, whether solely or jointly with or through or on behalf of or by any person whatsoever, directly or indirectly, carry on or be engaged in any business similar to or in competition with the business carried on by the Purchaser. In addition, upon completion of the Proposed Acquisition, the Vendor shall complete the dissolution registration within three (3) months from the date of signing of the Agreement and the registration of liquidation and cancellation of existence of the Vendor's legal entity within six (6) months after dissolution registration.

Other Terms

In connection with the Proposed Acquisition, both the Purchaser and the Vendor have executed a letter of intent, which covers among others, the employment by the Purchaser of Mr Liao Jinyun and one of the Vendor's existing employees.

Rationale for the Proposed Acquisition

The Directors believe that through the Proposed Acquisition and the employment of Mr Liao Jinyun who has vast experience in the business of trading and wholesale of aluminium alloy products in Taiwan, the Group would be able to tap into the Vendor's established customer network in Taiwan to strengthen the Group's presence in North Asia.

The Proposed Acquisition as a Discloseable Transaction

The table below sets out the relative figures for the Proposed Acquisition, computed on the bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”). The relative figures are computed based on the audited financial statements of the Group for the financial year ended 31 December 2014 (“**FY2014**”).

Bases of calculation	Relative figure
<u>Rule 1006(a)</u> Net asset value of assets to be disposed of, compared with the Group’s net asset value	Not applicable
<u>Rule 1006(b)</u> Net profits attributable to the assets acquired, compared with the Group’s net profits	Not applicable ⁽¹⁾
<u>Rule 1006(c)</u> Aggregate value of consideration given, compared with the Company’s market capitalisation as at 04 May 2015 ⁽²⁾	6.80%
<u>Rule 1006(d)</u> Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable
<u>Rule 1006(e)</u> Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves	Not applicable

Notes:

- (1) Rule 1006(b) is not applicable as the Group will only be acquiring the Relevant Assets and not the Vendor.
- (2) Computed based on (i) the Estimated Consideration; and (ii) the market capitalisation of the Company which is computed based on the existing number of ordinary shares in the issued and paid-up share capital of the Company (“**Shares**”) of 108,000,000 multiplied by the volume weighted average price of the Shares of SGD0.15 traded on the SGX-ST on 04 May 2015, being the market day preceding the date of the Agreement on which trades were recorded on the SGX-ST.

As the relative figure in respect of Rule 1006(c) of the Catalist Rules exceeds 5% but does not exceed 75%, the Proposed Acquisition constitutes a discloseable transaction under Rule 1010 of the Catalist Rules.

Financial Effects

The *pro forma* financial effects of the Proposed Acquisition presented below are theoretical in nature and are only for illustration purposes. They do not represent the actual financial position and/or results of the Group. The computation of the *pro forma* financial effects of the Proposed Acquisition does not take into account any expenses that may be incurred in relation to the Proposed Acquisition and assumes that the Proposed Acquisition is funded fully with the Group’s internal resources.

Based on the audited financial statements of the Group for FY2014, and assuming that the Proposed Acquisition had been effected on 31 December 2014, there would be no change in the net tangible assets per share of the Company as at 31 December 2014.

Based on the audited financial statements of the Group for FY2014, and assuming that the Proposed Acquisition had been effected at the beginning of FY2014, the earnings per share of the Group for the FY2014 would have been 10.61 cents instead of 10.64 cents.

Interests of Directors and Controlling Shareholders

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, save through their respective shareholdings (if any) in the Company.

Directors' Service Contracts

The Company will not be appointing any person to the Board in connection with the Proposed Acquisition.

Document for Inspection

A copy of the Agreement is available for inspection during normal business hours at the Company's registered office at 9 Tuas Avenue 2 Singapore 639449 for a period of three (3) months from the date hereof.

By Order of the Board

Tan Yee Chin
Chairman and CEO
19 June 2015

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

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

The contact person for the Sponsor is Ms Alice Ng, Director and Head of Continuing Sponsorship, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, Telephone (65) 6854 6160.