

**SOON LIAN HOLDINGS LIMITED**  
**Co. Reg. No: 200416295G**

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UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE  
HALF YEAR ENDED 30 JUNE (“**HY**”) 2019

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This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (the “**Sponsor**”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist.

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.

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**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR RESULTS**

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

	<b>Group</b>		
	<b><u>HY2019</u></b>	<b><u>HY2018</u></b>	<b><u>Change</u></b>
	<b><u>(Unaudited)</u></b>	<b><u>(Unaudited)</u></b>	
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Revenue</b>	15,415	16,693	(7.7%)
Cost of Sales	(12,706)	(13,938)	(8.8%)
<b>Gross Profit</b>	2,709	2,755	(1.7%)
Other Income and Gains	755	240	>100.0%
Distribution Costs	(253)	(171)	48.0%
Administrative Expenses	(2,259)	(2,539)	(11.0%)
Finance Costs	(434)	(349)	24.4%
Other Losses	(57)	(343)	(83.4%)
<b>Profit (Loss) before Tax from Continuing Operations</b>	461	(407)	NM
Income Tax Expense	(74)	(58)	27.6%
<b>Profit (Loss) Net of Tax</b>	387	(465)	NM
Profit (Loss) Attributable to Owners of the Company, Net of Tax	387	(465)	NM
<b>Profit (Loss) Net of Tax</b>	387	(465)	NM

*NM – Not meaningful*

**Consolidated Statement of Comprehensive Income**

	<b>Group</b>		
	<b><u>HY2019</u></b>	<b><u>HY2018</u></b>	<b><u>Change</u></b>
	<b><u>(Unaudited)</u></b>	<b><u>(Unaudited)</u></b>	
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
<b>Profit (Loss) Net of Tax</b>	387	(465)	NM
<b><u>Other Comprehensive Income (Loss)</u></b>			
<b>Items That May Be Reclassified</b>			
<b>Subsequently to Profit or Loss:</b>			
Exchange Differences on Translating Foreign Operations, Net of Tax	(54)	44	NM
<b>Other Comprehensive (Loss) Income for the Period, Net of Tax</b>	(54)	44	NM
<b>Total Comprehensive Income (Loss)</b>	333	(421)	NM
Total Comprehensive Income (Loss) Attributable to Owners of the Company	333	(421)	NM
<b>Total Comprehensive Income (Loss)</b>	333	(421)	NM

*NM – Not meaningful*

**1(a)(ii) Notes to the Consolidated Statement of Comprehensive Income (Loss)**

**Profit (Loss) before tax is arrived at after crediting / (charging) the following:**

	<b>Group</b>		<b>Change</b>
	<b><u>HY2019</u></b> <b><u>(Unaudited)</u></b> <b>S\$'000</b>	<b><u>HY2018</u></b> <b><u>(Unaudited)</u></b> <b>S\$'000</b>	
Foreign exchange adjustment losses <sup>(1)</sup>	(7)	(188)	(96.3%)
Depreciation of property, plant and equipment <sup>(2)</sup>	(405)	(307)	31.9%
Amortisation of land use right <sup>(3)</sup>	(68)	(23)	>100.0%
Amortisation of intangible assets	(14)	(15)	(6.7%)
Depreciation of right-of-use asset <sup>(4)</sup>	(64)	–	NM
Directors' fee	(43)	(43)	–
Gain on disposal of property, plant and equipment, net <sup>(5)</sup>	7	46	(84.8%)
Reversal for impairment on trade receivables <sup>(6)</sup>	691	164	>100.0%
Allowance for impairment on trade receivables <sup>(7)</sup>	(34)	(132)	(74.2%)
Bad debts written off	(16)	–	NM
Reversal for impairment on inventories	12	–	NM
Allowance for impairment on inventories	–	(23)	(100.0%)
Forward contracts gains: transactions not qualifying as hedges	7	–	NM
Interest expense	(434)	(349)	24.4%
Interest income	3	4	(25.0%)
Government grant income	18	17	5.9%
Rental income	15	9	66.7%

*NM – Not meaningful*

**Notes:**

- (1) The lower foreign exchange adjustment losses in HY2019 (as compared to HY2018) was largely due to net impact of realized and unrealized foreign exchange adjustments in respect of the Group's trade receivables and payables which are denominated in US dollars.
- (2) Depreciation of property, plant and equipment increased by S\$0.1 million mainly due to an increase in depreciation charges of the Group's new property, which was completed in May 2018, and the acquisition of plant and equipment in HY2019.
- (3) Amortisation of land use right increased by approximately S\$45,000 due to the commencement of the usage of the Group's new property in May 2018.
- (4) Depreciation of right-of-use asset was due to the adoption of new accounting standard SFRS(I) 16 Leases in HY2019.
- (5) Gain on disposal of property, plant and equipment decreased by approximately S\$39,000 mainly due to the absence of the gain on the sale of two vehicles of the Company in HY2018.
- (6) Reversal for impairment on trade receivables increased by S\$0.5 million mainly due to the subsequent recovery of certain trade receivables in HY2019 which had been impaired in prior periods.
- (7) Allowance for impairment on trade receivables decreased by S\$0.1 million mainly due to lower provision for doubtful debts.

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

**Statements of Financial Position**

	<u>Group</u>		<u>Company</u>	
	<u>As at</u> <u>30.06.2019</u> <u>(Unaudited)</u> S\$'000	<u>As at</u> <u>31.12.2018</u> <u>(Audited)</u> S\$'000	<u>As at</u> <u>30.06.2019</u> <u>(Unaudited)</u> S\$'000	<u>As at</u> <u>31.12.2018</u> <u>(Audited)</u> S\$'000
<b>ASSETS</b>				
<b><u>Non-Current Assets</u></b>				
Property, Plant and Equipment	8,400	8,086	–	–
Land Use Right	2,642	2,710	–	–
Intangible Assets	31	46	–	–
Investments in Subsidiaries	–	–	10,957	10,957
Deferred Tax Assets	265	279	–	–
<b>Total Non-Current Assets</b>	<b>11,338</b>	<b>11,121</b>	<b>10,957</b>	<b>10,957</b>
<b><u>Current Assets</u></b>				
Right-of-use Asset (Note A)	74	–	–	–
Inventories	24,718	28,444	–	–
Trade and Other Receivables	9,916	10,476	2,625	1,757
Other Non-Financial Assets	56	105	8	19
Cash and Cash Equivalents	3,152	5,142	62	799
<b>Total Current Assets</b>	<b>37,916</b>	<b>44,167</b>	<b>2,695</b>	<b>2,575</b>
<b>Total Assets</b>	<b>49,254</b>	<b>55,288</b>	<b>13,652</b>	<b>13,532</b>
<b>EQUITY AND LIABILITIES</b>				
<b><u>Equity</u></b>				
Share Capital	10,579	10,579	10,579	10,579
Retained Earnings	18,476	18,089	2,765	2,512
Statutory Reserve	237	237	–	–
Foreign Currency Translation Reserve	(152)	(98)	–	–
<b>Equity, Attributable to Owners of the Company, Total</b>	<b>29,140</b>	<b>28,807</b>	<b>13,344</b>	<b>13,091</b>
<b>Total Equity</b>	<b>29,140</b>	<b>28,807</b>	<b>13,344</b>	<b>13,091</b>
<b><u>Non-Current Liabilities</u></b>				
Other Financial Liabilities	6,734	7,230	–	–
<b>Total Non-Current Liabilities</b>	<b>6,734</b>	<b>7,230</b>	<b>–</b>	<b>–</b>
<b><u>Current Liabilities</u></b>				
Income Tax Payable	49	23	42	15
Trade and Other Payables	12,344	18,002	266	426
Other Financial Liabilities	913	1,226	–	–
Lease Liabilities (Note A)	74	–	–	–
<b>Total Current Liabilities</b>	<b>13,380</b>	<b>19,251</b>	<b>308</b>	<b>441</b>
<b>Total Liabilities</b>	<b>20,114</b>	<b>26,481</b>	<b>308</b>	<b>441</b>
<b>Total Equity and Liabilities</b>	<b>49,254</b>	<b>55,288</b>	<b>13,652</b>	<b>13,532</b>

Note A

The Group adopted SFRS(I) 16 Leases with effect from 1 January 2019 based on the modified retrospective approach.

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

As at 30.06.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
608	8,916	654	11,208

**Amount repayable after one year**

As at 30.06.2019		As at 31.12.2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,012	1,722	5,216	2,014

**Details of any collaterals**

The Group's borrowings consist of term loans, bank loans, bank overdrafts, bills payables and finance leases.

Certain of the Group's term loans, bank loans, bank overdrafts and other credit facilities are secured by (a) legal mortgages on the subsidiaries' leasehold and freehold properties; and (b) corporate guarantees issued by the Company. The finance leases are secured by the leased assets.

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated Statement of Cash Flows**

	<b>Group</b>	
	<b><u>HY2019</u></b> <b><u>(Unaudited)</u></b> <b>S\$'000</b>	<b><u>HY2018</u></b> <b><u>(Unaudited)</u></b> <b>S\$'000</b>
<b><u>Cash Flows From Operating Activities</u></b>		
Profit (Loss) Before Tax	461	(407)
Interest Income	(3)	(4)
Interest Expense	434	349
Forward Contract Gains: Transaction Not Qualifying as Hedges	(7)	-
Depreciation of Property, Plant and Equipment	405	307
Depreciation of Right-of-use Asset	64	-
Amortisation of Land Use Right	68	23
Amortisation of Intangible Assets	14	15
Gain on Disposal of Property, Plant and Equipment, net	(7)	(46)
Net Effect of Exchange Rate Changes in Consolidating subsidiaries	(21)	19
<b>Operating Cash Flows before Changes in Working Capital</b>	<b>1,408</b>	<b>256</b>
Inventories	3,726	(2,907)
Trade and Other Receivables	558	24,073
Other Non-Financial Assets	49	12
Trade and Other Payables	(3,633)	(1,499)
<b>Net Cash Flows From Operations</b>	<b>2,108</b>	<b>19,935</b>
Income Taxes Paid	(46)	(155)
<b>Net Cash Flows From Operating Activities</b>	<b>2,062</b>	<b>19,780</b>
<b><u>Cash Flows From Investing Activities</u></b>		
Disposal of Property, Plant and Equipment	59	109
Purchase of Property, Plant and Equipment	(781)	(8,619)
Interest Received	3	4
<b>Net Cash Flows Used in Investing Activities</b>	<b>(719)</b>	<b>(8,506)</b>
<b><u>Cash Flows From Financing Activities</u></b>		
Decrease in Borrowings	(10,754)	(23,274)
Increase from New Borrowings	8,353	15,820
Principal Element of Lease Payments	(64)	-
Interest Element of Lease Payments	(1)	-
Interest Paid	(433)	(349)
<b>Net Cash Flows Used in Financing Activities</b>	<b>(2,899)</b>	<b>(7,803)</b>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<b>(1,556)</b>	<b>3,471</b>
Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Beginning Balance	4,708	5,334
<b>Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Ending Balance</b>	<b>3,152</b>	<b>8,805</b>

**1(d)(i) A statement (for the group and issuer) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**GROUP**

	<u>Total Equity</u> S\$'000	<u>Attributable To Parent Sub-Total</u> S\$'000	<u>Share Capital</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Foreign Currency Translation Reserve</u> S\$'000	<u>Statutory Reserve</u> S\$'000
<b>Current Period:</b>						
Opening Balance at 1 January 2019	28,807	28,807	10,579	18,089	(98)	237
<b>Movements in Equity</b>						
Total Comprehensive Income (Loss) for the Period	333	333	–	387	(54)	–
Closing Balance at 30 June 2019	29,140	29,140	10,579	18,476	(152)	237

	<u>Total Equity</u> S\$'000	<u>Attributable To Parent Sub-Total</u> S\$'000	<u>Share Capital</u> S\$'000	<u>Retained Earnings</u> S\$'000	<u>Foreign Currency Translation Reserve</u> S\$'000	<u>Statutory Reserve</u> S\$'000	<u>Non-controlling Interests</u> S\$'000
<b>Previous Period:</b>							
Opening Balance at 1 January 2018	29,150	29,141	10,579	18,350	(13)	225	9
<b>Movements in Equity</b>							
Acquisition of a non-controlling interest (Note B)	(9)	–	–	–	–	–	(9)
Total Comprehensive (Loss) Income for the Period	(421)	(421)	–	(465)	44	–	–
Closing Balance at 30 June 2018	28,720	28,720	10,579	17,885	31	225	–

**Note B**

On 26 February 2018, the Company completed the acquisition of 0.5% interest in its subsidiary, SL Corporation Pte Ltd, from a minority shareholder, and thereby increased the Company's shareholding interest in SL Corporation Pte Ltd and its subsidiaries from 99.5% to 100%.



<b>COMPANY</b>	<b>Total Equity</b>	<b>Share Capital</b>	<b>Retained Earnings</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Current Period:</b>			
Opening Balance at 1 January 2019	13,091	10,579	2,512
<b>Movements in Equity:</b>			
Total Comprehensive Income for the Period	253	–	253
<b>Closing Balance at 30 June 2019</b>	<b>13,344</b>	<b>10,579</b>	<b>2,765</b>
<b>Previous Period:</b>			
Opening Balance at 1 January 2018	13,921	10,579	3,342
<b>Movements in Equity:</b>			
Total Comprehensive Income for the Period	262	–	262
<b>Closing Balance at 30 June 2018</b>	<b>14,183</b>	<b>10,579</b>	<b>3,604</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There were no changes in the Company's share capital from 1 January 2019 to 30 June 2019. There were no outstanding convertibles, treasury shares and subsidiary holdings as at 30 June 2019 and 30 June 2018.

**1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

<b>As at 30.06.2019</b>	<b>As at 31.12.2018</b>
108,000,000	108,000,000

The Company did not have any treasury shares as at 30 June 2019 and 31 December 2018.

**1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Company does not have any treasury shares. There were no sale, transfer, cancellation and/or use of treasury shares during and as at the current financial period reported on.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

The Company does not have any subsidiary holdings. There were no sale, transfer, cancellation and/or use of subsidiary holdings during and as at the current financial period reported on.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable. The figures have not been audited or reviewed by the Company's auditors.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in item 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period reported on, which are consistent with the audited financial statements for the financial year ended 31 December 2018.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the applicable new and revised Singapore Financial Reporting Standards (International) ("**SFRS(I)**") and Interpretations of Singapore Financial Reporting Standards (International) ("**SFRS(I) INT**") which became effective for the accounting periods beginning on or after 1 January 2019. The adoption of these new and revised SFRS(I) and SFRS(I) INT is not expected to result in material adjustments to the financial position, results of operations or cash flows of the Group for the financial period ended 30 June 2019, except for SFRS(I) 16 Leases.

Under the new financial reporting standard, for the lessee, almost all leases (except for leases less than 12 months and leases of low-value asset) will be brought onto the Statement of Financial Position by recognising a right-of-use asset and a corresponding liability. For the lessor, the accounting remains largely unchanged.

The Group recognised its existing operating lease arrangements (except leases less than 12 months and leases of low-value assets) where the Group is a lessee as right-of-use assets equal to its lease liabilities as at 1 January 2019 in accordance with SFRS(I) 16.

The nature of expenses related to the leases will correspondingly change. Operating rental expenses previously recognised in the Statement of Profit or Loss and Other Comprehensive Income will be replaced with depreciation charge for right-of-use asset and finance cost for lease liabilities.

Impact of change in accounting policy for leases on Consolidated Statement of Financial Position and Consolidated Statement of Profit or Loss and Other Comprehensive Income

Consolidated Statement of Financial Position

	<b><u>Adjustment on 1.1.2019</u></b> <b><u>Group</u></b> <b>S\$'000</b>
Right-of-use Assets	74
Lease Liabilities	(74)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	<b><u>For HY2019</u></b> <b><u>Group</u></b> <b>S\$'000</b> Increase/(Decrease)
Rental expenses	(65)
Depreciation of right-of-use asset	64
Finance costs	1

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:**

	<b>Group</b>	
	<b>HY2019</b>	<b>HY2018</b>
Earnings (Loss) per ordinary share for the financial period based on net profit (loss) after tax attributable to owners of the company		
(i) Based on the weighted average number of ordinary shares in issue	0.36 cents	(0.43) cents
(ii) On a fully diluted basis	0.36 cents	(0.43) cents
Weighted average number of ordinary shares in issue	108,000,000	108,000,000

The Group's basic and diluted earnings (loss) per ordinary share for HY2019 and HY2018 respectively were the same as there were no potentially dilutive ordinary shares existing during the respective financial periods.

**7. Net asset value (for the issuer and group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and  
(b) immediately preceding financial year.**

	Group		Company	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Net asset value per ordinary share (cents)	27.0	26.7	12.4	12.1

The net asset value per ordinary share for the Group and the Company have been calculated based on the issued share capital of 108,000,000 ordinary shares of the Company as at 30 June 2019 and 31 December 2018.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and  
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**(a) Statement of Comprehensive Income**

The Group's revenue decreased by S\$1.3 million or 7.7%, from S\$16.7 million in HY2018 to S\$15.4 million in HY2019. This was mainly due to a decrease in sales to our customers in the precision engineering industry, and the marine industry, partially offset by an increase in sales to stockists and traders.

Sales to customers in the precision engineering industry decreased by S\$1.1 million in HY2019 as compared to HY2018. This was mainly due to a decrease in demand from our overseas customers in view of the challenging market conditions. Sales to customers in the marine industry decreased by S\$0.8 million in HY2019 as compared to HY2018, mainly due to lower sales to our local customers. Sales to stockists and traders increased by S\$0.6 million in HY2019 as compared to HY2018, mainly due to an increase in sales to our overseas customers.

Gross profit remained relatively constant at S\$2.7 million for both HY2019 and HY2018. Gross profit margin increased from 16.5% in HY2018 to 17.6% in HY2019 mainly attributable to a marginal increase in the average selling price of our products.

Other income and gains increased by S\$0.5 million, from S\$0.2 million in HY2018 to S\$0.7 million in HY2019 due mainly to an increase in reversal for impairment on trade receivables of S\$0.5 million mainly due to the subsequent recovery of certain trade receivables in HY2019.

Distribution costs increased by S\$0.1 million or 48.0%, from S\$0.2 million in HY2018 to S\$0.3 million in HY2019 mainly due to an increase in commission expenses which was in line with the increase in overseas sales secured through our overseas sales agents.

Administrative expenses decreased by S\$0.3 million or 11.0%, from S\$2.5 million in HY2018 to S\$2.2 million in HY2019 mainly due to the absence of the costs incurred for the moving of the Group's office and warehouse in HY2018 and rental expenses.

Finance costs increased by S\$0.1 million or 24.1%, from S\$0.3 million in HY2018 to S\$0.4 million in HY2019 due mainly to an increase in bank borrowings used to finance the Group's new property at 6 Tuas Lane, and bill payables in HY2019.

Other losses decreased by S\$0.3 million or 83.4%, from S\$0.4 million in HY2018 to S\$0.1 million in HY2019. The decrease in other losses was mainly due to a decrease in foreign exchange adjustment loss of S\$0.2 million and a decrease in allowance for impairment of trade receivables of S\$0.1 million.

As a result of the above, the Group recorded a profit before tax of S\$0.5 million in HY2019 as compared to a loss before tax of S\$0.4 million in HY2018.

#### **b)(i) Statement of Financial Position**

Non-current assets increased by S\$0.2 million, from S\$11.1 million as at 31 December 2018 to S\$11.3 million as at 30 June 2019, due to an increase in property, plant and equipment of S\$0.3 million as a result of the capitalisation of construction works for the Group's new property at 6 Tuas Lane, partially offset by an increase in depreciation charges in HY2019.

Current assets decreased by S\$6.3 million, from S\$44.2 million as at 31 December 2018 to S\$37.9 million as at 30 June 2019. This was mainly due to a decrease in inventories of S\$3.7 million, trade and other receivables of S\$0.6 million and cash and cash equivalents of S\$2.0 million. The decrease in inventories was mainly due to a decrease in purchases as a result of lower sales in HY2019. The decrease in trade and other receivables was in line with the decrease in revenue in HY2019. Please refer to the section on "Statement of Cash Flows" below for the reasons for the decrease in cash and cash equivalents.

Non-current liabilities decreased by S\$0.5 million, from S\$7.2 million as at 31 December 2018 to S\$6.7 million as at 30 June 2019, mainly due to the repayment of long-term bank loans.

Current liabilities decreased by S\$5.9 million, from S\$19.3 million as at 31 December 2018 to S\$13.4 million as at 30 June 2019, mainly due to a decrease in trade and other payables of S\$5.7 million and a decrease in other financial liabilities of S\$0.2 million. The decrease in trade and other payables was mainly due to lower bills payables in HY2019 as compared to FY2018. The decrease in other financial liabilities was due to the repayments of term loans.

The Group reported a positive working capital position of S\$24.5 million as at 30 June 2019, as compared to S\$24.9 million as at 31 December 2018.

Total equity increased by S\$0.3 million, from S\$28.8 million as at 31 December 2018 to S\$29.1 million as at 30 June 2019 as a result of the net profit for the period.

#### **(b)(ii) Statement of Cash Flows**

In HY2019, operating cash flows before changes in working capital amounted to S\$1.4 million arising mainly from the Group's profit before tax of S\$0.5 million, adjusted for (i) interest expense of S\$0.4 million; (ii) and depreciation of property, plant and equipment of S\$0.4 million; (iii) depreciation of right-of-use asset of S\$0.1 million; and (iv) amortisation of land use right of S\$0.1 million. Net cash from working capital of S\$0.7 million was mainly due to a decrease in inventories of S\$3.7 million and a decrease in trade and other receivables of S\$0.6 million, partially offset by a decrease in trade and other payables of S\$3.6 million.

Net cash used in investing activities amounted to S\$0.7 million in HY2019 mainly due to new additions to the property, plant and equipment, partially offset by the proceed from the disposal of plant and equipment.

Net cash used in financing activities amounted to S\$2.9 million, mainly due to the repayment of bills payables, bank loans, bank overdrafts and finance leases of S\$10.8 million and interest and lease payment of S\$0.5 million, partially offset by an increase in new borrowings of S\$8.4 million.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement was previously disclosed.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Operating conditions for the Group remain challenging due to the protracted trade war between the United States and China. In addition, oil prices have continued to fluctuate and led to conservative shipbuilding activities, thereby affecting demand for the Group's aluminium products.

In 2019, oil traded at near US\$55 a barrel before peaking at about US\$75 per barrel in April and hovering near US\$65 per barrel in mid-July. The downtrend of oil prices may continue to soften demand for new shipbuilding and affect our marine business.

The Singapore economy grew by a slower pace of 1.2 per cent year-on-year in the first quarter of 2019, its lowest growth in nearly a decade. Outlook for the global economy has also deteriorated in recent months and the key factors are the downturn in the global electronics cycle, the lagged effects of deleveraging in China and a protracted trade conflict between the United States and China which have contributed to weakness in manufacturing, trade, and investment. In addition, growth in the second quarter of 2019 further slowed by 0.1 per cent according to early estimates published by the Ministry of Trade and Industry. The decline was largely due to a contraction in the manufacturing sector with output declines in the electronics and precision engineering clusters. As Singapore contributes noticeably to the Group's revenue, we anticipate that the Group's results may be affected in the near-term.

From a global perspective, the World Bank reported that global growth in 2019 is projected to slow to 2.6 per cent due to weaker-than-expected international trade and investment at the start of the year. The report stated that heightened policy uncertainty, including a recent re-escalation of trade tensions between major economies, has been accompanied by a deceleration in global investment and a decline in confidence. We anticipate that the Group's results from overseas sales may also be affected.

In light of the challenging start to the year and the conservative estimates, we are revisiting strategies and viable initiatives to mitigate the effects while always staying ready to capitalise on any opportunities that arise.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared/recommended for the current financial period reported on?

No

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared/recommended for the corresponding period of the immediately preceding financial year?

No

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

**12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

No dividend has been declared or recommended for HY2019 as the board of directors of the Company ("**Board**") deems it appropriate to conserve funds for the Group's business activities.

**13. Interested Person Transactions – Pursuant to Rule 920 (1) (a) of Section B of the Listing Manual of the SGX-ST: Rules of Catalist ("Catalist Rules")**

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

**14. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720 (1) of the Catalist Rules.**

The Company confirms that it has procured all the required undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720 (1) of the Catalist Rules.

**15. Negative confirmation by the Board pursuant to Rule 705 (5) of the Catalist Rules**

We, Tan Yee Chin and Tan Yee Ho, the undersigned, being directors of Soon Lian Holdings Limited (the “**Company**”), do hereby confirm on behalf of the Board that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the half year ended 30 June 2019 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**TAN YEE CHIN**  
Executive Chairman and CEO

**TAN YEE HO**  
Executive Director

**5 August 2019**