




SOON LIAN  
HOLDINGS LIMITED  
順 聯 控 股 有 限 公 司

# RESILIENCE ADAPTABILITY

ANNUAL REPORT 2016



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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**DRIVE AND DETERMINATION**

**DIFFERENTIATION**

**LONG-TERM GROWTH**

**CONTINUOUS ACHIEVEMENT**





# COMPANY PROFILE



Listed on the SGX Catalyst 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 more than 30 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 and Kobelco 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.







## BUSINESS SEGMENTS AND INDUSTRIES



### Marine

Products used in shipbuilding - hulls, decks, superstructures and cabins of light crafts such as catamarans, naval defence vessels.



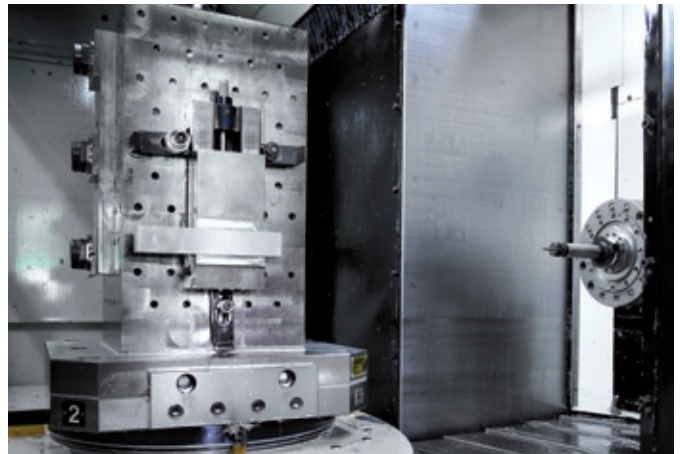
### Precision Engineering

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.



## NAVIGATING THROUGH **OPPORTUNITIES & CHALLENGES**

The Group continues to carefully balance the needs of the industry and adjust its strategies and operations accordingly, leveraging on its capabilities and networks to tailor its products and solutions in accordance to how best unlock value for stakeholders.



## LETTER TO SHAREHOLDERS



**Tony Tan Yee Chin**  
*Chairman and CEO*

### Dear Shareholders,

The financial year ended 31 December 2016 (“**FY2016**”) was a period of escalating challenges arising from past and new macroeconomic factors leading to a harsher operating environment. Much of the impact was softened through preparations already in place since the previous financial year ended 31 December 2015 (“**FY2015**”) that built our resilience and better position us when the global economy recovers.

Notwithstanding the above, challenges from FY2015 continued to be felt in FY2016. Fluctuating oil and commodity prices, the planned economic slowdown of China and unpredictable currency exchange rates weighed down our results. Oil prices pre-2015 that averaged between US\$90 to US\$100 per barrel which previously fuelled growth in the marine sector, have since only made marginal recovery to the realm of US\$50 per barrel since plunging to a low of US\$30 per barrel in early 2016. This continued to affect demand across the board with the marine industry bearing the brunt of its effects.

Rising commodity prices of, in particular, aluminium (which is our primary raw material), continued to narrow our margins. The price of aluminium in December 2016 was approximately US\$1,700 per tonne which was a 13.3% increase from US\$1,500 per tonne reported in December 2015.

Meanwhile, the calculated cooldown of China’s economy to transit from an export-based to internal consumption-oriented setting is also making waves across the globe. According to Forbes, countries such as Korea, Germany and Brazil were hard-pressed to make up for the fall in demand as China looks inward for the products these countries used to supply.

For FY2016, currency exchange fluctuations continued to erode returns as operationally profitable ventures were marked as losses due to drastic shifts in exchange rates. The Monetary Authority of Singapore had also reiterated its stand to step in to curb excess volatility if needed following the results of the US presidential elections which upset the Asian markets.

The Group carefully navigated through the aforementioned challenges to record total revenue of S\$34.2 million for FY2016. Revenue for FY2016 was 17.9% lower than in FY2015 primarily due to the decrease in sales to our customers in the marine industry as well as to stockists and traders. Our sales to customers in the marine industry fell by S\$6.2 million in FY2016 as compared to FY2015, as the shipbuilding activities undertaken by our customers were further scaled down in response to the challenging market conditions. Meanwhile, sales to stockists and traders decreased by S\$3.6 million for FY2016, mainly due to a decrease in demand. Other factors that had affected the Group’s performance in FY2016 included a resolution of debt and erratic currency exchange fluctuations.

A key factor that bolstered our results was rebalancing of our portfolio since FY2015. Our greater focus on the precision engineering segment continues to reduce the impact of the drastic fall in demand from the marine segment. The precision engineering segment contributed approximately 75.3% of the Group’s revenue in FY2016, whereas the marine segment contributed approximately 15.6%. This was also due to the Group capitalising on growing demand for precision engineering products in the region, in particular, for semiconductors. The Singapore Economic Development Board reported that production of semiconductors in Singapore rose by 41.7% in October 2016. This was on top of a 35.9% year-on-year expansion in the previous month.



In addition to making the business more robust via the rebalancing of business segment sales, we continued to strengthen our position as an exporter via maintaining a geographically diverse base of customers to reduce the dependency on any one market. For FY2016, approximately 77% of the Group's revenue was generated from countries outside of Singapore, as compared to 72.6% in FY2015, where sales were made to countries such as China, Taiwan, Malaysia, Indonesia, Philippines, Dubai (UAE) and Vietnam.

## Outlook and Strategy

In the current financial year, we expect the operating environment to remain challenging as the macroeconomic factors discussed above will continue to affect business sentiments across the globe.

The International Monetary Fund (“IMF”) stated in its January 2017 World Economic Outlook report that global economic growth is projected to be 3.1% for 2016. The IMF anticipates that 2017 will be better on the back of emerging markets and developing economies. However, it cautions of possible negative shifts such as inward-looking policy platforms and protectionism. It also stated that a sharper than expected tightening in global financial conditions could interact with balance sheet weaknesses in parts of the euro area. The IMF added that some emerging market economies may encounter increased geopolitical tensions, and ongoing challenges would include a more severe slowdown in China.

On home shores, the Ministry of Trade and Industry (“MTI”) had announced that Singapore's economy grew by 2% in 2016, a slight improvement over the 1.9% in 2015. Higher growth was recorded in the electronics and biomedical manufacturing clusters, other service industries, and the transportation and storage sector. The MTI forecasts that Singapore's GDP will grow at a modest pace of 1% to 3% in 2017. It added that the improved momentum in the manufacturing sector at the end of 2016 is expected to be sustained into 2017, due to continued recovery in global demand for semiconductors and semiconductor equipment.

Furthermore, credit rating agency Moody's is confident of Singapore's prospects as it rated the country's economic, fiscal and financial buffers as better than its AAA-rated peers. It said that Singapore's AAA rating would be stable due to the

government's prudent policies and sound financial position to support the sovereign credit profile. Moody's also projected that volatility of growth would be significantly lower and more consistent with other AAA-rated economies.<sup>1</sup>

The Group is no stranger to adversity and is already in the midst of addressing the hurdles to come. We will continue to carefully rebalance our overall portfolio. We are exploring methods to further grow the segment and build resilience via diversity in products and clientele. Nonetheless, we will also be keeping tabs on the marine sector in which we have built up a wealth of expertise and networks to be tapped on once the sector begins to recover.

The recovery of oil prices is still uncertain despite the collaboration between the Organization of the Petroleum Exporting Countries (“OPEC”) and non-OPEC members such as Russia, to cut production. While oil prices have risen past the psychological US\$50 per barrel mark, further upside to prices is indeterminate and OPEC is mulling if the cut should be extended.<sup>2</sup>

## Conclusion

To sum it up, FY2016 had been yet another testing period which we have weathered through due to the Group's strategies initiated since FY2015. While there may be further trials in the current financial year, we are confident that our strategies and capabilities are up to task. Despite the current economic climate of consolidation, we are still exploring for strategic opportunities that may deliver greater long-term value.

On behalf of the Board, I would like to thank the various parties who have contributed to the Group's resilience and strength for the year under review. My gratitude to the directors, management, staff and business partners for their many and valued efforts. Lastly we would like to reiterate our thanks for the continued support of our shareholders. We reaffirm our focus on the long-term goal of delivering value to all our stakeholders.

**Tony Tan Yee Chin**  
*Chairman and CEO*

<sup>1</sup> <http://sbr.com.sg/economy/news/singapore-well-positioned-weather-global-trade-shocks-moodys>

<sup>2</sup> <http://finance.yahoo.com/news/opec-might-extend-production-cuts-212209405.html>



## Supplier Base

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

## Customer Base

AUSTRALIA	PHILIPPINES	THAILAND
HONG KONG	PEOPLE'S REPUBLIC OF CHINA	UAE
INDIA	SINGAPORE	VIETNAM
INDONESIA	SOUTH KOREA	
JAPAN	SRI LANKA	
MALAYSIA	TAIWAN	





## 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

	FY2016 S\$'000	FY2015 S\$'000
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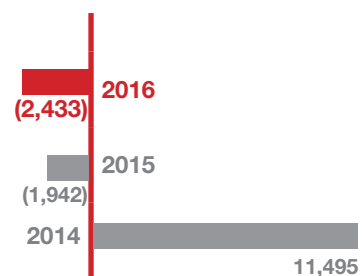
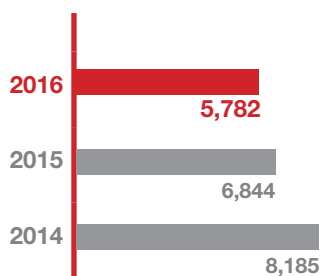
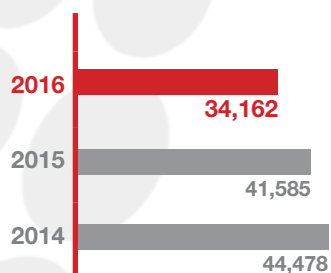
## INCOME STATEMENT

Revenue	34,162	41,585
Gross profit	5,782	6,844
Loss before tax	(2,265)	(1,904)
Income tax expense	(168)	(38)
Loss after tax	(2,433)	(1,942)
Loss per share (in cents)	(2.25)	(1.79)

## BALANCE SHEET

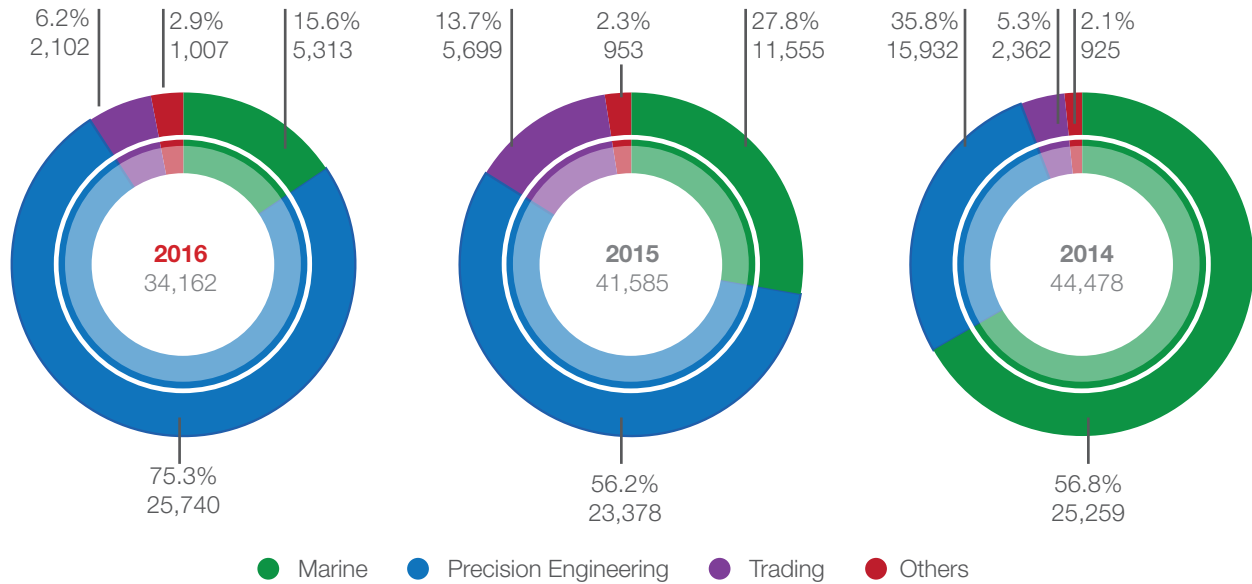
	As at 31 December 2016 S\$'000	As at 31 December 2015 S\$'000
Non-current assets	24,572	25,562
Current assets	34,141	40,359
<b>TOTAL ASSETS</b>	<b>58,713</b>	<b>65,921</b>
Total equity	27,628	30,182
Non-current liabilities	13,285	13,753
Current liabilities	17,800	21,986
Total liabilities	31,085	35,739
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>58,713</b>	<b>65,921</b>
Net asset value per share (in cents)	25.6	27.9

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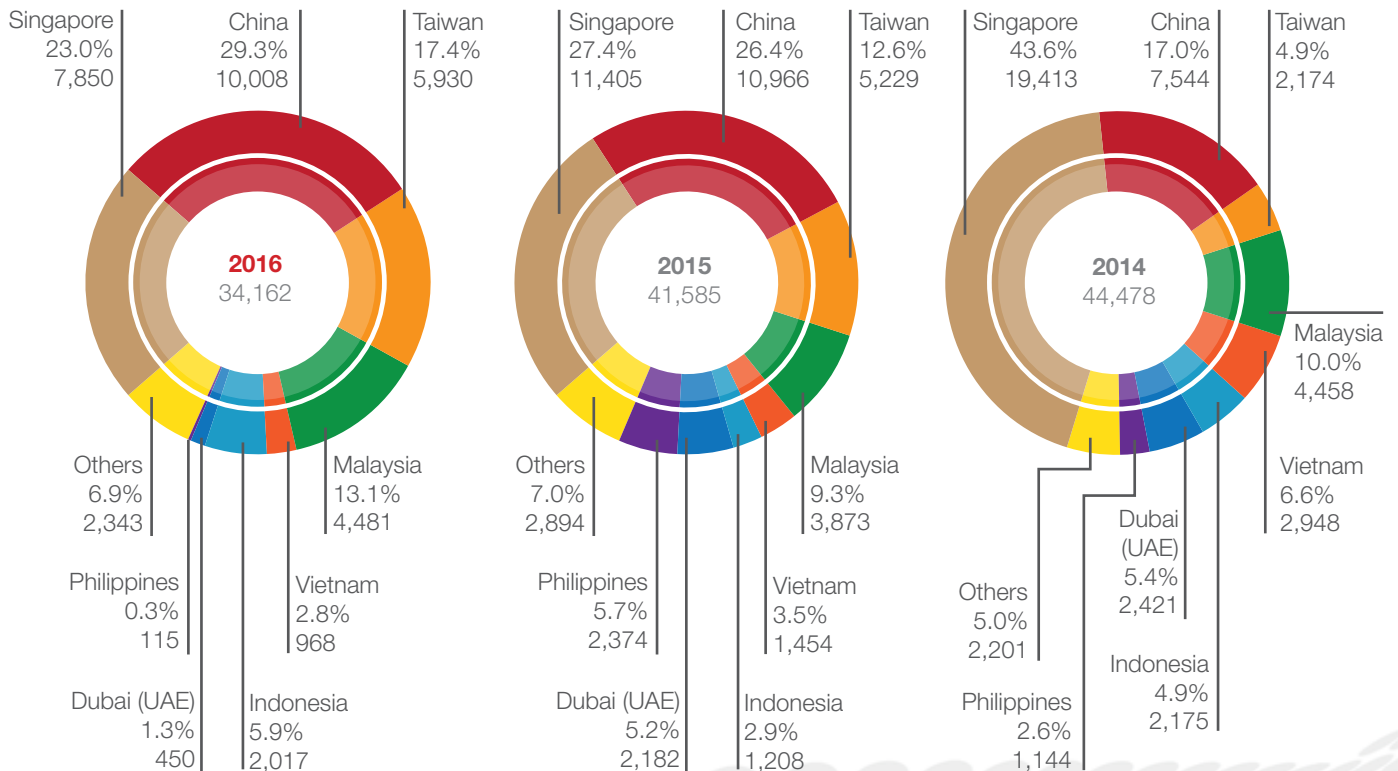




## Revenue (By Operating Segment) (S\$'000) (%)



## 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.

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 2016 (“FY2016”), our Group’s revenue fell by 17.9% to S\$34.2 million, from S\$41.6 million recorded in the previous financial year ended 31 December 2015 (“FY2015”). Revenue for FY2016 saw lower sales to customers in the marine segment as well as to stockists and traders, while sales to the precision engineering segment improved.

For FY2016, the marine industry continued to struggle. Low oil prices and cautious business sentiment across the globe continued to result in the scaling down in shipbuilding activities. As such, our marine segment recorded a 54.0% fall in revenue to S\$5.3 million in FY2016, as compared to S\$11.6 million in FY2015.

On a similar vein, our stockists and traders segment also saw softer demand and contributed S\$2.1 million in revenue for FY2016. This was 63.1% lower than the S\$5.7 million revenue contribution in FY2015.

In contrast, the Group’s precision engineering segment yielded stronger results. Higher demand fuelled a 10.1% increase in revenue to S\$25.7 million in FY2016, as compared to S\$23.4 million in FY2015.

In terms of geographic contribution, China has overtaken Singapore as the main contributor to the Group’s revenue. Sales to China contributed 29.3% or S\$10.0 million to the Group’s total revenue for FY2016. The changes in contributions from different regions are in line with the Group’s strategy of developing a more export-oriented model to build resilience and lessen the impact from any one region.

# OPERATIONS AND FINANCIAL REVIEW



## Financial Review

FY2016 saw the Group's revenue dip by 17.9% to S\$34.2 million.

As a result of the lower turnover, our gross profit declined by 15.5% to S\$5.8 million in FY2016. The Group's gross profit margin grew by 0.4% to 16.9% in FY2016, due to a marginal increase in the average selling prices of our products.

Our other gains saw a slight increase in FY2016, growing by S\$0.2 million primarily due to the reversals of impairment on trade receivables and inventories which amounted to S\$47,000 and S\$95,000 respectively. There was also a government grant income of S\$70,000. In total, other gains amounted to S\$269,000 in FY2016, which was higher than S\$123,000 in FY2015.

While the market remains challenging, the Group continues to undertake plans to grow its branding and reach via exhibitions but at a slightly moderated pace. For FY2016, we invested S\$0.7 million in marketing and distribution costs, which was 16.4% lower than the S\$0.8 million spent in FY2015.

Administrative expenses remained stable at S\$4.6 million in both FY2016 and FY2015.

Finance costs remained fairly stable at S\$0.9 million in FY2016, as compared to S\$1.0 million in FY2015.

Meanwhile, other losses decreased by 14.8% to S\$2.1 million in FY2016, which comprised mainly foreign exchange loss of S\$0.3 million and allowance for impairment on trade receivables of S\$1.8 million.

Taking into account the aforementioned factors, the Group recorded a loss before tax of S\$2.3 million in FY2016.

In addition, the Group reported a positive working capital position of S\$16.3 million and total shareholders' equity of S\$27.6 million, as at 31 December 2016.

For FY2016, the Group generated net cash flows from operating activities of S\$10.5 million, and recorded net increase of S\$3.8 million in cash and cash equivalents of the Group (as per the consolidated statement of cash flows) to S\$2.2 million as at 31 December 2016.





### Market Outlook

Barring unforeseen circumstances, business outlook for the current financial year ending 31 December 2017 is projected to improve but is still subject to risks that may impair growth. The International Monetary Fund (“IMF”) highlighted in its January 2017 World Economic Outlook report that inward-looking policy platforms and protectionism could curtail global economic performance in 2017. Other concerns include a possible sharper than expected tightening in global financial conditions that could interact with balance sheet weaknesses in parts of the euro area and some emerging economies. The IMF also mentioned that increased geopolitical tensions and a more severe slowdown in China could also have a negative effect.<sup>1</sup>

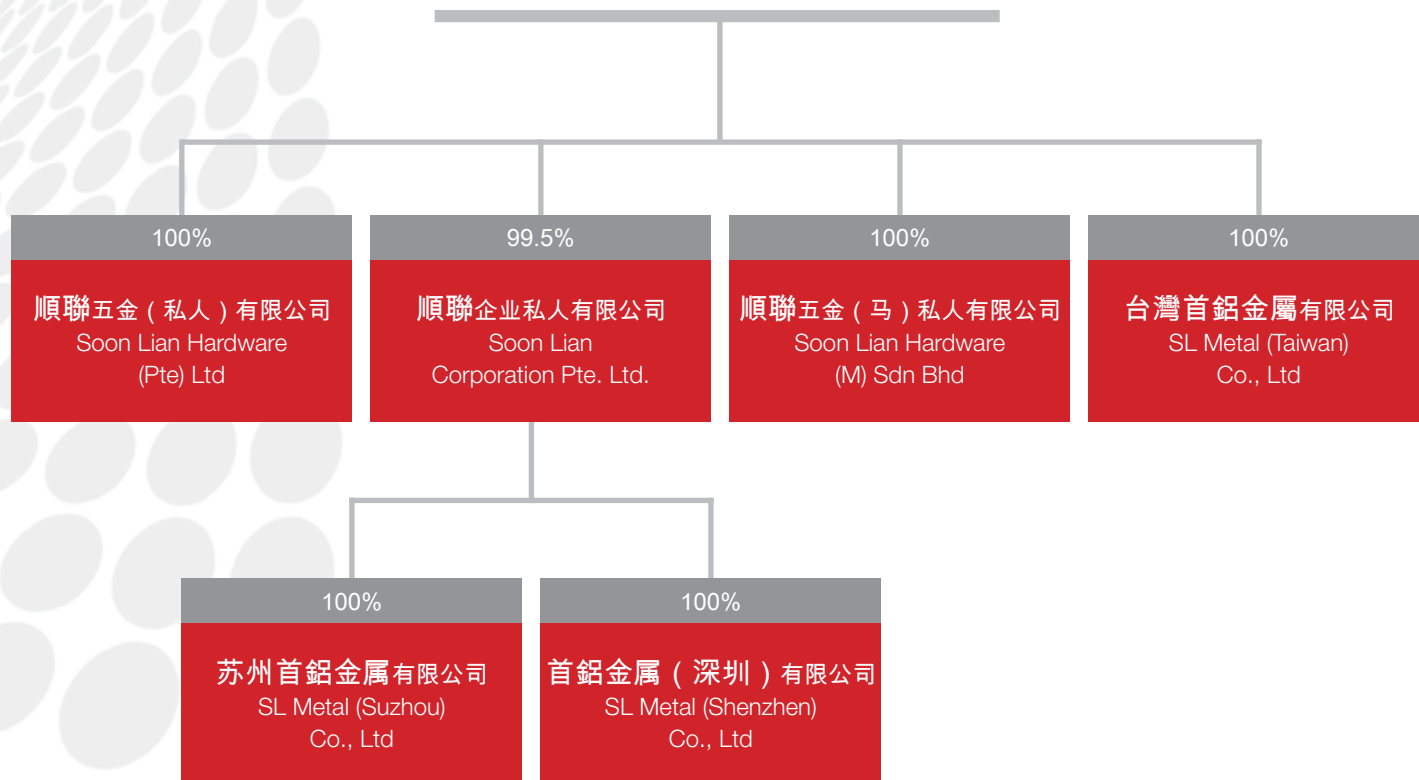
In Singapore, the economy is also expected to grow at a moderate pace in 2017. The Monetary Authority of Singapore (“MAS”) projects that growth will only be slightly higher than the 1.4% in 2016. Factors that are expected to weigh down on growth include a continuing shift in the composition of global demand towards less import-intensive consumption spending. As such, MAS expects trade-related sectors to pose a drag on GDP. Furthermore, the transport engineering and selected precision engineering clusters within manufacturing will be hampered by weak demand for oil exploration and production equipment.<sup>2</sup>

Moving forward, we will be taking a cautious approach and prioritising risk management to better address any uncertainty that may arise. We will be keeping tabs on opportunities and challenges alike to better navigate the current financial year and continue our ascent to becoming an industry leader.

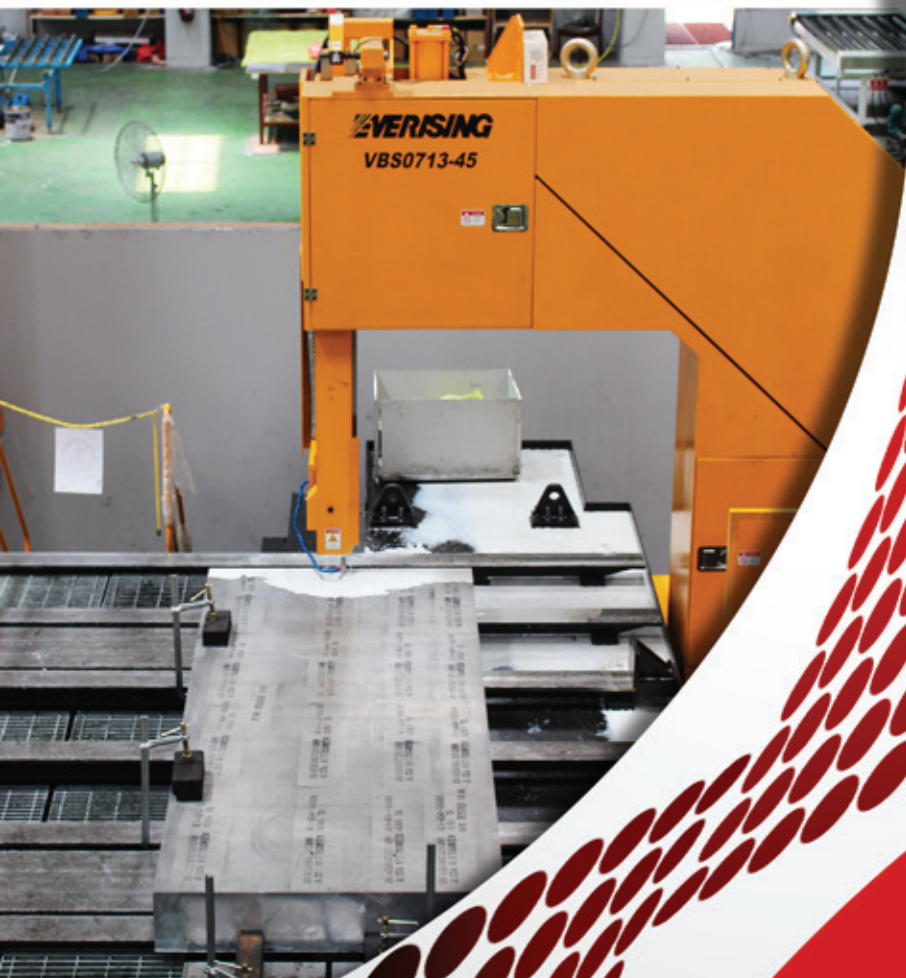
<sup>1</sup> <http://www.imf.org/external/pubs/ft/weo/2017/update/01/>

<sup>2</sup> [http://www.mas.gov.sg/~media/resource/publications/macro\\_review/2016/Oct%202016/Macroeconomic%20Review%20Oct%202016.pdf](http://www.mas.gov.sg/~media/resource/publications/macro_review/2016/Oct%202016/Macroeconomic%20Review%20Oct%202016.pdf)

# CORPORATE STRUCTURE







## READYING FOR **CHANGING TOMORROWS**

In a world of constant change, we embrace the need to be adaptable. We transform our strategies, capabilities and mindset in line with the needs of our customers, business partners and stakeholders to maintain and grow a platform that delivers sustainable value.

## 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





**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 functions 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 is 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 also 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 SGX-ST. 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 32 years. Tan Siak Hee is a Commissioner for Oaths and Notary Public of the Supreme Court of Singapore. 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 Trade Finance Business Development Group. 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 deputy chairman and executive director of Jackspeed Corporation Limited. He is also an independent director and the chairman of the audit committees of M Development Limited and Seroja Investments Limited, companies listed on the Mainboard of the SGX-ST.



**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 SGX-ST, 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.

**WU WEI-TSUNG, WILLIAM***General Manager (Suzhou & Shenzhen)*

Wu Wei-Tsung, our General Manager (Suzhou and Shenzhen) is responsible for the general, sales development and operations management of our plants in Suzhou and Shenzhen, China. He has more than 15 years of experience and has established an extensive network in the aluminium alloy products industry in China. Prior to joining our Group, he was the vice-president (commercial) in the China subsidiary of HLN Metal Centre Pte. Ltd. for about 5 years. He has also worked as a sales manager in the China subsidiary of a metal service centre for more than 7 years, and was actively involved in aluminium trading, sales and market development of aluminium products. HLN Metal Centre Pte. Ltd. was acquired by the Company in November 2011. He graduated from Yu Da Senior High School of Commerce and Home Economics from Taipei, Taiwan.

**LIM HENG MIN***General Manager, Sales & Marketing*

Lim Heng Min, our General Manager, Sales & Marketing, 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 30 years 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, 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 (BCA). He is also a Project Management Professional and Certified Data Center Professional.

# 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](mailto:irelations@soonlian.com)  
Website: [www.soonlian.com](http://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**

ZICO Capital Pte. Ltd.  
8 Robinson Road  
#09-00  
ASO Building  
Singapore 048544





## **CORPORATE GOVERNANCE REPORT AND FINANCIAL STATEMENTS**

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# 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 shareholders’ interests 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 2016 (“**FY2016**”), 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, among 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 FY2016 are set out below:

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

\* 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. During the financial year reported on, all Directors had received updates (i) on changes to the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Catalist Rules"); and (ii) on the developments in financial reporting and governance standards, 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.

## Board Composition and Guidance

***Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement 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.***

As at the date of this report, the Board consists of six members, three of whom are Independent Directors:

### 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 FY2016, 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.

# CORPORATE GOVERNANCE REPORT

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 as 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 his 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 effective, 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 Lead Independent Director to be an alternative channel for shareholders and other Directors to raise their concerns for which 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 also responsible for leading the development and execution of the Group's short and long term strategies and business plans and ensures the Group is properly organised and staffed, assesses the principal risks of the Group and ensures 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 3 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 has been adequately carrying out this 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.

At the forthcoming AGM, Tan Siak Hee and Yap Kian Peng 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 Siak Hee and Yap Kian Peng 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).

# CORPORATE GOVERNANCE REPORT

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 new members 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 of 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 <i>Executive / Non-independent</i>	1. GCE "O" levels	18.12.2004	21.04.2016	Nil	Nil
Tan Yee Ho <i>Executive / Non-independent</i>	1. GCE "O" levels	18.12.2004	24.04.2015	Nil	Nil
Tan Yee Leong <i>Executive / Non-independent</i>	1. GCE "O" levels	18.12.2004	24.04.2015	Nil	Nil
Lee Sen Choon <i>Non-Executive / independent</i>	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



# CORPORATE GOVERNANCE REPORT

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 <i>Non-Executive / independent</i>	<ol style="list-style-type: none"> <li>1. Bachelor of Laws (University of London)</li> <li>2. Barrister At Law (Lincoln's Inn)</li> <li>3. Masters of Art (Kelaniya University)</li> <li>4. Graduate Certificate in International Arbitration (National University of Singapore)</li> <li>5. Advocate &amp; Solicitor, Commissioner for Oaths and Notary Public, Supreme Court, Singapore</li> <li>6. Fellow, Singapore Institute of Arbitrators</li> <li>7. Fellow, Chartered Institute of Arbitrators</li> <li>8. Member, Lincoln's Inn</li> <li>9. Member, Law Society of Singapore</li> <li>10. Member, Singapore Institute of Directors</li> </ol>	31.10.2007	25.04.2014	Nil	Nil
Yap Kian Peng <sup>(1)</sup> <i>Non-Executive / independent</i>	Bachelor Degree in Business (Business Administration) (RMIT University)	31.10.2007	25.04.2014	<ol style="list-style-type: none"> <li>1. Jackspeed Corporation Limited (Deputy Chairman and Executive Director)</li> <li>2. M Development Limited (Independent Non-Executive Director, Chairman of Audit Committee)</li> <li>3. Seroja Investments Limited (Independent Non-Executive Director, Chairman of Audit and Remuneration Committees)</li> </ol>	<ol style="list-style-type: none"> <li>1. China Bearing (Singapore) Ltd. (Independent Non-Executive Director, Chairman of Audit Committee)</li> <li>2. Travelite Holdings Ltd. (Independent Non-Executive Director, Chairman of Remuneration Committee)</li> <li>3. Sincap Group Limited (Independent Non-Executive Director, Chairman of Audit and Risk Committee)</li> </ol>

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

# CORPORATE GOVERNANCE REPORT

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 2016.

For FY2016, 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 Committee. 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.

Director, either individually or as a group, may seek 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 3 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 FY2016, the RC did not seek any external professional advice on remuneration.



# CORPORATE GOVERNANCE REPORT

The remuneration of the Directors for FY2016 are set out below:

	Directors' Fees	Salary	Bonus	Allowances and Benefits in kind	Total
	%	%	%	%	%
<b>Below S\$250,000</b>					
Lee Sen Choon	100	–	–	–	100
Tan Siak Hee	100	–	–	–	100
Yap Kian Peng	100	–	–	–	100
<b>Between S\$250,000 and S\$499,999</b>					
Tan Yee Chin	–	77	8	15	100
Tan Yee Ho	–	72	7	21	100
Tan Yee Leong	–	65	7	28	100

The Directors' remuneration for FY2016 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 all key management personnel (who are not Directors or the CEO) for FY2016 are set out below:

	Salary	Bonus	Allowances and Benefits in kind	Total
	%	%	%	%
<b>Below S\$250,000</b>				
Ng Kim Ying	77	8	15	100
Lim Heng Min	69	13	18	100
Wu Wei-Tsung, William	57	12	31	100

Note: The Company has only three key management personnel (who are not Directors or the CEO) in FY2016.

For FY2016, the aggregate total remuneration of all the key management personnel (who are not Directors or the CEO) is S\$570,000.

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.

The remuneration of an employee, who is an immediate family member of a Director, for FY2016 is set out below:

	Salary	Bonus	Allowances and Benefits in kind	Total
	%	%	%	%
<b>Between S\$50,000 to S\$100,000</b>				
Tan Lay Peng	67	7	26	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, AC and 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 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.

# CORPORATE GOVERNANCE REPORT

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 control and risk management systems of the Group, addressing the financial, operational, information technology and compliance risks are adequate and effective as at 31 December 2016. This is in turn, is 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 the 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 ("AC") with written terms of reference which clearly set out its authority and duties.**

The AC comprises the following 3 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 the 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) approval of 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 FY2016, 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 to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors before recommending their re-appointment to the Board. The aggregate amount of audit and non-audit fees paid to the external auditors for FY2016 is S\$114,000 and S\$35,000 respectively. The AC has undertaken a review of all non-audit services provided by the external auditors and they would not, in the opinion of the AC, affect the independence and objectivity of the external auditors.

Having reviewed and been satisfied that the external auditors, 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 2017 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 FY2016, the AC had carried out 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 persons 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 the assistance given by the Management to the internal auditor;

# CORPORATE GOVERNANCE REPORT

- (g) reviewed the annual re-appointment of the external auditors and determined their remuneration, and made a recommendation for 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
Impairment of trade receivables	The AC reviewed the assessments from 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.
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 from 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 analyses performed by the Management.
Acquisition of business	The AC considered and reviewed the appropriateness of the assumptions and methodologies taken by the Management in their projection of income statements and fair values of relevant company. The AC gained comfort on the aforementioned process through discussions with the Management and the external auditors on the assumptions and methodologies used.

## 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 FY2016, the internal auditors adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational and compliance controls and overall risk management of the Group. The AC has reviewed the 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.

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.

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 the shareholders of the Company. 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.



# CORPORATE GOVERNANCE REPORT

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 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 and as the Group is in a loss-making position, the Board has not recommended any dividends to be paid in respect of FY2016.

## 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 AGM 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 of the Company will receive copies of the Annual Reports and Notice of AGM. Notice of the AGM is also advertised in the newspapers and made available on the SGX-ST website.

The Company's main forum for dialogue with shareholders takes place at its AGM where members of the Board, Chairman of the Audit, Remuneration, and Nomination Committees, the Management and the external auditors are in attendance to answer any queries raised by the 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. 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 are announced after the general meetings via SGXNet.

## DEALINGS 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 during the period commencing one month before the announcement of the Company's half-year and full year financial results.
- Directors and key officers should not deal in the Company's securities on short-term consideration.
- 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 FY2016, the Company's wholly-owned subsidiary, Soon Lian Hardware (Pte.) Ltd., obtained unsecured short-term loans ("**Loans**") of S\$5.0 million from Soon Tien Holdings Pte. Ltd. ("**Soon Tien**"), a controlling shareholder of the Company. The Loans consist of (a) an interest-free loan of S\$1.0 million; and (b) a S\$4.0 million loan with interest rates ranging between 2.94% and 3.59% per annum charged during FY2016. The Loans have no fixed terms of repayment. Pursuant to Chapter 9 of the Catalist Rules, Soon Tien is considered an interested person and the Loans are considered interested person transactions. The value of the aforementioned interested person transactions is the amount at risk to the Company, which is the interest expense incurred on one of the Loans, as set out in the table below:

Name of interested person	Aggregate value of all interested person transactions during FY2016 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$'000	S\$'000
Soon Tien Holdings Pte. Ltd.	126	–

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 by Directors and the 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 Directors or controlling shareholders, which are either still subsisting as at the end of FY2016 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 effect from 30 September 2016, ZICO Capital Pte. Ltd. was appointed as the Company's Sponsor in place of SAC Advisors Private Limited.

With reference to Rule 1204(21) of the Catalist Rules, no non-sponsor fees were payable or paid to SAC Advisors Private Limited or ZICO Capital Pte. Ltd. in FY2016.

# 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 2016.

## 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:

Name of directors and companies in which interests are held	Direct interest		Deemed interest	
	At beginning of the reporting year	At end of the reporting year	At beginning of the reporting year	At end of the reporting year
<b><u>Soon Tien Holdings Pte. Ltd.</u></b>	<b><u>Number of shares of no par value</u></b>			
<b>(Parent company)</b>				
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		Deemed interest	
	At beginning of the reporting year	At end of the reporting year	At beginning of the reporting year	At end of the reporting year
<b><u>Soon Lian Holdings Limited</u></b>	<b><u>Number of shares of no par value</u></b>			
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 2017 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.

# STATEMENT BY DIRECTORS

## 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 2016.

**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 16 February 2017, 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

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Tan Yee Chin  
Director

24 March 2017

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Tan Yee Ho  
Director



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOON LIAN HOLDINGS LIMITED

## Report on the audit of the financial statements

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 2016, 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 2016 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 company 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 \$20.2 million, representing 34% of the group's total assets, as at 31 December 2016. 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 30D 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 \$10.1 million, representing 17% of the group's total assets, as at 31 December 2016. 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 ageing analyses 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 2016. We have also assessed whether the financial statements disclosures appropriately reflect the group's exposure to credit risk.

**c) Acquisition of business**

Refer to Notes 2A "*Intangible assets*", "*Business combinations*", 2C and 26 "*Acquisition of business*" to the financial statements for the relevant accounting policy and management's judgements underlying the acquisition of business, respectively, and the annual report on the section on the audit committee's views and responses to the reported key audit matter.

On 26 July 2015, the group completed an acquisition of certain assets from Saint An Aluminium Co., Ltd with a cash consideration of \$1.0 million. The transaction was accounted for on a preliminary basis by the acquisition method of accounting in reporting year 2015. The acquisition accounting has been finalised during the year with the completion of the purchase price allocation exercise. We focused on this area because the exercise requires considerable judgement and appropriate assumptions by management in applying the requirements of FRS 103.

We discussed with management on their basis of identification of intangible assets, the assessment of whether fair values of identifiable assets and liabilities are appropriate and the process over the use of estimates and assumptions for projected income statements in determining the fair value and useful life of intangible assets. As the assessment process on the projected income statements is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions, our audit procedures included, among others, using a valuation expert to assist us in evaluating the assumptions and methodologies used by the group. We have also assessed the adequacy of the group's disclosures.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOON LIAN HOLDINGS LIMITED

## Other information

Management is responsible for the other information. The other information comprises the information included in the annual report and statement by directors 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.



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOON LIAN HOLDINGS LIMITED

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

- (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.

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

24 March 2017

Engagement partner – effective from year ended 31 December 2013

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2016

	Notes	Group	
		2016 \$'000	2015 \$'000
<b>Revenue</b>	5	34,162	41,585
Cost of sales		(28,380)	(34,741)
<b>Gross profit</b>		5,782	6,844
Interest income	6	2	5
Other gains	7	269	123
Marketing and distribution costs	10	(678)	(811)
Administrative expenses	10	(4,603)	(4,616)
Finance costs	8	(946)	(995)
Other losses	7	(2,091)	(2,454)
<b>Loss before tax from continuing operations</b>		(2,265)	(1,904)
Income tax expense	11	(168)	(38)
<b>Loss from continuing operations, net of tax</b>		(2,433)	(1,942)
<b>Other comprehensive loss</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translating foreign operations, net of tax		(121)	(3)
<b>Other comprehensive loss for the year, net of tax</b>		(121)	(3)
<b>Total comprehensive loss</b>		(2,554)	(1,945)
Loss attributable to owners of the company, net of tax		(2,433)	(1,935)
Loss attributable to non-controlling interests, net of tax		–	(7)
<b>Loss net of tax</b>		(2,433)	(1,942)
Total comprehensive loss attributable to owners of the company		(2,554)	(1,938)
Total comprehensive loss attributable to non-controlling interests		–	(7)
<b>Total comprehensive loss</b>		(2,554)	(1,945)
<b>Earnings per share</b>		Cents	Cents
Basic	13	(2.25)	(1.79)
Diluted	13	(2.25)	(1.79)

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Notes	Group		Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	15	24,152	25,053	–	–
Intangible assets	16	106	129	–	–
Investments in subsidiaries	17	–	–	11,871	11,871
Deferred tax assets	11	314	380	–	–
<b>Total non-current assets</b>		<b>24,572</b>	<b>25,562</b>	<b>11,871</b>	<b>11,871</b>
<b>Current assets</b>					
Inventories	18	20,216	28,060	–	–
Trade and other receivables	19	10,429	11,050	1,792	1,912
Other assets	20	63	84	19	13
Cash and cash equivalents	21	3,433	1,165	240	46
<b>Total current assets</b>		<b>34,141</b>	<b>40,359</b>	<b>2,051</b>	<b>1,971</b>
<b>Total assets</b>		<b>58,713</b>	<b>65,921</b>	<b>13,922</b>	<b>13,842</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the company</b>					
Share capital	22	10,579	10,579	10,579	10,579
Retained earnings		16,798	19,231	3,013	2,671
Other reserves	23	242	363	–	–
<b>Equity, attributable to owners of the company</b>		<b>27,619</b>	<b>30,173</b>	<b>13,592</b>	<b>13,250</b>
Non-controlling interests		9	9	–	–
<b>Total equity</b>		<b>27,628</b>	<b>30,182</b>	<b>13,592</b>	<b>13,250</b>
<b>Non-current liability</b>					
Other financial liabilities	24	13,285	13,753	–	–
<b>Total non-current liability</b>		<b>13,285</b>	<b>13,753</b>	<b>–</b>	<b>–</b>
<b>Current liabilities</b>					
Income tax payable		88	39	42	35
Trade and other payables	25	14,951	14,667	288	557
Other financial liabilities	24	2,761	7,280	–	–
<b>Total current liabilities</b>		<b>17,800</b>	<b>21,986</b>	<b>330</b>	<b>592</b>
<b>Total liabilities</b>		<b>31,085</b>	<b>35,739</b>	<b>330</b>	<b>592</b>
<b>Total equity and liabilities</b>		<b>58,713</b>	<b>65,921</b>	<b>13,922</b>	<b>13,842</b>

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

# STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2016

Group	Total equity \$'000	Attributable to parent sub-total \$'000	Share capital \$'000	Retained earnings \$'000	Other reserves \$'000	Non- controlling interests \$'000
<b>Current year:</b>						
Opening balance at 1 January 2016	30,182	30,173	10,579	19,231	363	9
<b>Movements in equity:</b>						
Total comprehensive loss for the year	(2,554)	(2,554)	–	(2,433)	(121)	–
<b>Closing balance at 31 December 2016</b>	<b>27,628</b>	<b>27,619</b>	<b>10,579</b>	<b>16,798</b>	<b>242</b>	<b>9</b>
<b>Previous year:</b>						
Opening balance at 1 January 2015	33,207	33,191	10,579	22,246	366	16
<b>Movements in equity:</b>						
Total comprehensive loss for the year	(1,945)	(1,938)	–	(1,935)	(3)	(7)
Dividends paid (Note 14)	(1,080)	(1,080)	–	(1,080)	–	–
<b>Closing balance at 31 December 2015</b>	<b>30,182</b>	<b>30,173</b>	<b>10,579</b>	<b>19,231</b>	<b>363</b>	<b>9</b>
<b>Company</b>						
	<b>Total equity \$'000</b>	<b>Share capital \$'000</b>	<b>Retained earnings \$'000</b>			
<b>Current year:</b>						
Opening balance at 1 January 2016	13,250	10,579	2,671			
<b>Movements in equity:</b>						
Total comprehensive income for the year	342	–	342			
<b>Closing balance at 31 December 2016</b>	<b>13,592</b>	<b>10,579</b>	<b>3,013</b>			
<b>Previous year:</b>						
Opening balance at 1 January 2015	12,139	10,579	1,560			
<b>Movements in equity:</b>						
Total comprehensive income for the year	2,191	–	2,191			
Dividends paid (Note 14)	(1,080)	–	(1,080)			
<b>Closing balance at 31 December 2015</b>	<b>13,250</b>	<b>10,579</b>	<b>2,671</b>			

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



# CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2016

	Group	
	2016 \$'000	2015 \$'000
<b>Cash flows from operating activities</b>		
Loss before tax	(2,265)	(1,904)
Adjustments for:		
Interest income	(2)	(5)
Interest expense	946	995
Depreciation of property, plant and equipment	1,227	1,198
Amortisation of intangible assets	28	12
Forward contract gains - transactions not qualifying as hedges	-	(2)
Gains on disposal of property, plant and equipment	(56)	(62)
Net effect of exchange rate changes in consolidating foreign operations	(50)	54
Operating cash flows before changes in working capital	(172)	286
Inventories	7,844	(1,395)
Trade and other receivables	573	2,376
Other assets	21	48
Trade and other payables	2,297	(3,009)
Net cash flows from (used in) operations	10,563	(1,694)
Income taxes paid	(31)	(168)
Net cash flows from (used in) operating activities	10,532	(1,862)
<b>Cash flows from investing activities</b>		
Disposal of property, plant and equipment	59	90
Purchase of property, plant and equipment (Notes 15 and 21B)	(240)	(558)
Acquisition of business (Note 26)	-	(1,014)
Interest received	2	5
Net cash flows used in investing activities	(179)	(1,477)
<b>Cash flows from financing activities</b>		
Dividend paid to equity owners	-	(1,080)
Decrease in borrowings	(14,823)	(16,255)
Increase from new borrowings	5,374	12,493
Net movements in amount due to parent company	3,800	1,200
Interest paid	(946)	(995)
Net cash flows used in financing activities	(6,595)	(4,637)
<b>Net increase (decrease) in cash and cash equivalents</b>	3,758	(7,976)
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	(1,535)	6,441
<b>Cash and cash equivalents, consolidated statement of cash flows, ending balance (Note 21A)</b>	2,223	(1,535)

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 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 (“FRS”) 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 FRS requires 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 immaterial. 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 FRS. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous periods.

### 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 to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). 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 borrowing of funds 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.

**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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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

### 2A. Significant accounting policies (cont'd)

#### 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

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 improvement	–	over terms of lease which is approximately 2% to 3%
Plant and equipment	–	8% to 12%

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.

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. 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.



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

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.

**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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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

### 2A. Significant accounting policies (cont'd)

#### 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

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with FRS 32 and FRS 39. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under FRS 103. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

Where the fair values are measured on a provisional basis, they are finalised within one year from the acquisition date with consequent retrospective changes to the amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Goodwill and fair value adjustments resulting from the application of purchase accounting at the date of acquisition are treated as assets and liabilities of the foreign entity and are recorded at the exchange rates prevailing at the acquisition date and are subsequently translated at the period end exchange rate.

#### 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.

**2. Significant accounting policies and other explanatory information (cont'd)****2A. Significant accounting policies (cont'd)****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. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

**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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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

### 2A. Significant accounting policies (cont'd)

#### Financial assets (cont'd)

Subsequent measurement:

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

1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss.
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.

#### Derivatives

All derivatives are initially recognised and subsequently carried at fair value. Certain derivatives are entered into in order to hedge some transactions and all the strict hedging criteria prescribed by FRS 39 are not met. In those cases, even though the transaction has its economic and business rationale, hedge accounting cannot be applied. As a result, changes in the fair value of those derivatives are recognised directly in profit or loss and the hedged item follows normal accounting policies.



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

### 2A. Significant accounting policies (cont'd)

#### 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.

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, there were no financial liabilities classified in this category.
2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method.

#### Fair value measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific 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. 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 and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless state 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.

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

### 2A. Significant accounting policies (cont'd)

#### Fair value measurement (cont'd)

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.

### 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.

### 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 assets tax 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. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. 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 \$9,105,000.

Acquisition of business:

As described in Note 26, there was an acquisition of business and the initial acquisition accounting was completed on a preliminary basis during the previous reporting year 2015. Management has since completed the purchase price allocation exercise during the reporting year 2016. This involves significant management judgment in determining certain identifiable assets, liabilities, contingent liabilities, the assumptions that underlie the purchase price allocation and the useful lives associated with the acquired intangible assets.

**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.	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.

# NOTES TO THE FINANCIAL STATEMENTS

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

### 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.

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:

<b>Group</b>	<b>Parent company</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest expense	126	–

### 3C. Key management compensation:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and other short-term employee benefits	1,470	1,536

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

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Remuneration of directors of the company	813	861
Remuneration of director of a subsidiary	–	16
Fees to directors of the company	85	85
Fees to directors of a subsidiary	2	1

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.



# NOTES TO THE FINANCIAL STATEMENTS

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

#### 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.

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

Group	Parent company	
	2016 \$'000	2015 \$'000
<u>Other receivables (other payables):</u>		
Balance at beginning of the year	(1,200)	–
Amounts received and settlement of liabilities on behalf of the company	(4,055)	(1,200)
Amounts paid out and settlement of liabilities on behalf of parent company	200	–
Balance at end of the year (Note 25)	<u>(5,055)</u>	<u>(1,200)</u>
	Subsidiaries	
Company	2016 \$'000	2015 \$'000
<u>Other receivables (other payables):</u>		
Balance at beginning of the year	1,714	1,437
Amounts received and settlement of liabilities on behalf of the company	(435)	–
Amounts paid out and settlement of liabilities on behalf of subsidiaries	513	277
Balance at end of the year	<u>1,792</u>	<u>1,714</u>
Presented in the statement of financial position as follows:		
Other receivables (Note 19)	1,792	1,912
Other payables (Note 25)	–	(198)
Balance at end of the year	<u>1,792</u>	<u>1,714</u>

### 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) marine, (2) precision engineering, (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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 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 \$'000	Marine \$'000	Stockists and traders \$'000	Other customers \$'000	Unallocated \$'000	Group \$'000
<b>Continuing operations 2016</b>						
<b>Revenue by segment</b>						
Total revenue by segment	25,740	5,313	2,102	1,007	–	34,162
<b>Recurring EBITDA</b>						
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)
<b>Loss from continuing operations</b>						<b>(2,433)</b>
<b>Continuing operations 2015</b>						
<b>Revenue by segment</b>						
Total revenue by segment	23,378	11,555	5,699	953	–	41,585
<b>Recurring EBITDA</b>						
Finance costs	–	–	–	–	(995)	(995)
Depreciation and amortisation	–	–	–	–	(1,210)	(1,210)
ORBT	3,851	1,455	814	724	(2,205)	4,639
Other unallocated items					(6,543)	(6,543)
Loss before tax from continuing operations						(1,904)
Income tax expense						(38)
<b>Loss from continuing operations</b>						<b>(1,942)</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

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

### 4C. Assets and reconciliations

	Precision engineering \$'000	Marine \$'000	Stockists and traders \$'000	Other customers \$'000	Unallocated \$'000	Group \$'000
<b>2016</b>						
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
<b>Total group assets</b>	<b>8,776</b>	<b>602</b>	<b>639</b>	<b>76</b>	<b>48,620</b>	<b>58,713</b>
<b>2015</b>						
Total assets for reportable segments	6,716	2,432	1,436	113	–	10,697
Unallocated:						
Property, plant and equipment	–	–	–	–	25,053	25,053
Deferred tax assets	–	–	–	–	380	380
Inventories	–	–	–	–	28,060	28,060
Cash and cash equivalents	–	–	–	–	1,165	1,165
Other unallocated amounts	–	–	–	–	566	566
<b>Total group assets</b>	<b>6,716</b>	<b>2,432</b>	<b>1,436</b>	<b>113</b>	<b>55,224</b>	<b>65,921</b>

The assets 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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 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
<b>2016</b>						
Unallocated:						
Income tax payable	-	-	-	-	88	88
Borrowings	-	-	-	-	16,046	16,046
Trade and other payables	-	-	-	-	14,951	14,951
<b>Total group liabilities</b>	-	-	-	-	31,085	31,085
<b>2015</b>						
Unallocated:						
Income tax payable	-	-	-	-	39	39
Borrowings	-	-	-	-	21,033	21,033
Trade and other payables	-	-	-	-	14,667	14,667
<b>Total group liabilities</b>	-	-	-	-	35,739	35,739

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
<u>Impairment (reversal) of receivables and inventories (net)</u>						
2016	276	795	669	-	(91)	1,649
2015	1,368	-	-	-	332	1,700
<u>Expenditure for non-current assets</u>						
2016	-	-	-	-	377	377
2015	-	-	-	-	1,448	1,448

# NOTES TO THE FINANCIAL STATEMENTS

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

### 4F. Geographical information

	Revenue		Non-current assets	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
China	10,008	10,966	518	671
Singapore	7,850	11,405	22,888	23,640
Taiwan	5,930	5,229	379	427
Malaysia	4,481	3,873	473	444
Indonesia	2,017	1,208	–	–
Dubai (UAE)	450	2,182	–	–
Philippines	115	2,374	–	–
Other countries	3,311	4,348	–	–
Total continuing operations	34,162	41,585	24,258	25,182

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	
	2016 \$'000	2015 \$'000
Top 1 customer in precision engineering segment	3,375	4,075

## 5. Revenue

	Group	
	2016 \$'000	2015 \$'000
Sale of goods	33,415	40,939
Rental income	563	525
Other income	184	121
	34,162	41,585

## 6. Interest income

	Group	
	2016 \$'000	2015 \$'000
Interest income	2	5



# NOTES TO THE FINANCIAL STATEMENTS

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## 7. Other gains and (other losses)

	Group	
	2016 \$'000	2015 \$'000
Allowance for impairment on trade receivables	(1,777)	(1,386)
Allowance for impairment on inventories	(4)	(333)
Bad debts written off	(10)	–
Foreign exchange adjustment losses	(300)	(735)
Forward contracts gains – transactions not qualifying as hedges	–	2
Reversal for impairment on trade receivables	47	18
Reversal for impairment on inventories	95	1
Gains on disposal of property, plant and equipment	56	62
Other income	71	40
Net	<u>(1,822)</u>	<u>(2,331)</u>
Presented in profit or loss as:		
Other gains	269	123
Other losses	(2,091)	(2,454)
Net	<u>(1,822)</u>	<u>(2,331)</u>

## 8. Finance costs

	Group	
	2016 \$'000	2015 \$'000
Interest expense	<u>946</u>	<u>995</u>

## 9. Employee benefits expense

	Group	
	2016 \$'000	2015 \$'000
Short term employee benefits expense	3,421	3,556
Contributions to defined contribution plans	251	289
Other benefits	34	51
Total employee benefits expense	<u>3,706</u>	<u>3,896</u>
The employee benefits expense is charged as follows:		
Cost of sales	669	785
Administrative expenses	3,037	3,111
	<u>3,706</u>	<u>3,896</u>

# NOTES TO THE FINANCIAL STATEMENTS

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## 10. Other expenses

The major components include the following:

	Group	
	2016	2015
	\$'000	\$'000
<u>Marketing and distribution costs</u>		
Commission expenses	339	295
Entertainment expenses	112	138
Travelling expenses	130	184
<u>Administrative expenses</u>		
Employee benefits expense (Note 9)	3,037	3,111

## 11. Income tax

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

	Group	
	2016	2015
	\$'000	\$'000
<u>Current tax expense (income):</u>		
Current tax expense	90	93
Under (over) adjustments in respect of prior periods	10	(12)
Subtotal	100	81
<u>Deferred tax expense (income):</u>		
Deferred tax income	(32)	(64)
Under adjustments in respect of prior periods	100	21
Subtotal	68	(43)
Total income tax expense	168	38

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% (2015: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2016	2015
	\$'000	\$'000
Loss before tax	(2,265)	(1,904)
Income tax income at the above rate	(385)	(324)
Expenses not deductible for tax purposes	161	478
Tax exemptions	(49)	(129)
Under adjustments to tax in respect of prior periods	110	9
Effect of different tax rates in different countries	45	4
Deferred tax assets not recognised	286	-
Total income tax expense	168	38

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 11. Income tax (cont'd)

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

	Group	
	2016 \$'000	2015 \$'000
Excess of tax over book depreciation on plant and equipment	120	58
Tax loss carryforwards	(431)	(15)
Unutilised capital allowances carryforwards	91	–
Deferred tax assets not recognised	286	–
Total deferred income tax expense (income) recognised in profit or loss	66	(43)

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

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
From deferred tax assets recognised in profit or loss:				
Excess of tax values over net book value of plant and equipment	6	126	–	–
Tax loss carryforwards	653	222	–	–
Unutilised capital allowances carryforwards	92	183	–	–
Deferred tax assets not recognised	(437)	(151)	–	–
Net balance	314	380	–	–

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 and unutilised capital allowances carryforwards from Singapore companies amounted to \$3,686,000 (2015: \$1,074,000).

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. The unrecognised tax loss carryforwards of \$452,000 (2015: \$603,000) will expire in 2017 to 2021 (2015: 2016 to 2020).

# NOTES TO THE FINANCIAL STATEMENTS

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## 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	
	2016 \$'000	2015 \$'000
Audit fees to the independent auditors of the company	83	85
Audit fees to the other independent auditors	31	33
Other fees to the independent auditors of the company	20	22
Other fees to the other independent auditors	15	16

## 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	
	2016 \$'000	2015 \$'000
Numerators: losses attributable to equity		
Continuing operations: attributable to equity holders	(2,433)	(1,935)
	<b>2016</b>	<b>2015</b>
	<b>'000</b>	<b>'000</b>
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. Dividends on equity shares

	Group and Company	
	2016 \$'000	2015 \$'000
Final dividend paid net of income tax of Nil (2015: \$0.01 per share)	-	(1,080)

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## 15. Property, plant and equipment

Group	Freehold property \$'000	Leasehold property and improvement \$'000	Plant and equipment \$'000	Total \$'000
<u>Cost:</u>				
At 1 January 2015	524	22,707	5,217	28,448
Additions	–	30	1,007	1,037
Arising from acquisition of business (Note 26)	–	–	270	270
Disposals	–	–	(542)	(542)
Foreign exchange adjustments	(67)	–	(21)	(88)
At 31 December 2015	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
<u>Accumulated depreciation:</u>				
At 1 January 2015	43	409	2,968	3,420
Depreciation for the year	8	627	563	1,198
Disposals	–	–	(514)	(514)
Foreign exchange adjustments	(7)	–	(25)	(32)
At 31 December 2015	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
<u>Carrying value:</u>				
At 1 January 2015	481	22,298	2,249	25,028
At 31 December 2015	413	21,701	2,939	25,053
At 31 December 2016	397	21,154	2,601	24,152

The depreciation expense is charged as follows:

	Group	
	2016 \$'000	2015 \$'000
Cost of sales	908	888
Administrative expenses	319	310
Total	1,227	1,198

The group's freehold and leasehold properties are mortgaged to the banks for credit facilities and term loans as disclosed in Note 24.

Plant and equipment with a net book value of \$40,000 (2015: \$72,000) 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 24C).



# NOTES TO THE FINANCIAL STATEMENTS

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## 16. Intangible assets

	Group	
	2016 \$'000	2015 \$'000
Customer lists	106	129
<u>Cost:</u>		
Balance at beginning of the year	141	–
Additions (Note 26)	–	141
Foreign exchange adjustments	7	–
Balance at end of the year	148	141
<u>Accumulated amortisation:</u>		
Balance at beginning of the year	12	–
Amortisation for the year	28	12
Foreign exchange adjustments	2	–
Balance at end of the year	42	12
<u>Carrying value:</u>		
Balance at beginning of the year	129	–
Balance at end of the year	106	129

The amortisation expense is charged to administrative expenses.

## 17. Investments in subsidiaries

	Company	
	2016 \$'000	2015 \$'000
Balance at beginning of the year	11,871	11,210
Additions	–	661
Balance at 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

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## 17 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		Effective percentage of equity held	
	2016	2015	2016	2015
	\$'000	\$'000	%	%
<u>Held by the company</u>				
Soon Lian Hardware (Pte.) Ltd. Singapore Supplier of aluminium alloy products (RSM Chio Lim LLP)	8,444	8,444	100	100
Soon Lian Hardware (M) Sdn. Bhd. <sup>(a)</sup> Malaysia Supplier of aluminium alloy products (SQM)	605	605	100	100
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. <sup>(b)</sup> Taiwan Supplier of aluminium alloy products (RSM Taiwan)	661	661	100	100
	11,871	11,871		
<u>Held through Soon Lian Corporation Pte. Ltd.</u>				
SL Metal (Shenzhen) Co., Ltd <sup>(a)</sup> People's Republic of China Supplier of aluminium alloy products (Shu Lun Pan Certified Public Accountants LLP)			99.5	99.5
SL Metal (Suzhou) Co., Ltd <sup>(a)</sup> People's Republic of China Supplier of aluminium alloy products (BDO China Shu Lun Pan CPAs LLP)			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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 18. Inventories

	Group	
	2016 \$'000	2015 \$'000
Finished goods and goods for resale	20,216	28,060
Inventories are stated after allowance.		
Movements in allowance:		
Balance at beginning of the year	589	252
(Reversal) charge to profit or loss included in other (gains) losses, net	(91)	332
Foreign exchange adjustments	(30)	5
Balance at end of the year	468	589
Decrease (increase) in inventories of finished goods	7,844	(1,998)
Purchase of inventories	17,620	33,825
The amount of inventories included in cost of sales	25,464	31,827

There are no inventories pledged as security for liabilities.

## 19. Trade and other receivables

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<u>Trade receivables:</u>				
Outside parties	13,192	12,130	-	-
Less allowance for impairment	(3,099)	(1,433)	-	-
Net trade receivables - subtotal	10,093	10,697	-	-
<u>Other receivables:</u>				
Subsidiaries (Note 3)	-	-	1,792	1,912
Income tax recoverable	12	60	-	-
Other receivables	324	293	-	-
Net other receivables - subtotal	336	353	1,792	1,912
Total trade and other receivables	10,429	11,050	1,792	1,912
<u>Movements in above allowance:</u>				
Balance at beginning of the year	1,433	143	-	-
Charge for trade receivables to profit or loss included in other losses, net	1,730	1,368	-	-
Bad debts written off	(7)	(64)	-	-
Foreign exchange adjustments	(57)	(14)	-	-
Balance at end of the year	3,099	1,433	-	-

# NOTES TO THE FINANCIAL STATEMENTS

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## 20. Other assets

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Prepayments	63	84	19	13

## 21. Cash and cash equivalents

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Not restricted in use	3,433	1,165	240	46

The interest earning balances are not significant.

### 21A. Cash and cash equivalents in the consolidated statement of cash flows:

	Group	
	2016 \$'000	2015 \$'000
Amount as shown above	3,433	1,165
Bank overdrafts (Note 24)	(1,210)	(2,700)
Cash and cash equivalents (overdrawn) for consolidated statement of cash flows purposes at end of the year	2,223	(1,535)

### 21B. Non-cash transactions:

There were acquisitions of plant and equipment with a total cost of \$137,000 (2015: \$479,000) acquired by means of finance leases.

## 22. Share capital

Group and Company	Number of shares issued '000	Share capital \$'000
Ordinary shares of no par value:		
Balance at beginning and end of the year 31 December 2015 and 31 December 2016	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.

## 22. Share capital (cont'd)

### 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 2016 and 2015.

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.

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Net debt:</u>		
All current and non-current borrowings including finance leases	25,280	32,226
Less cash and cash equivalents	(3,433)	(1,165)
Net debt	21,847	31,061
<u>Adjusted capital:</u>		
Total equity	27,628	30,182
Adjusted capital	27,628	30,182
Debt-to-adjusted capital ratio	0.79	1.03

There was a favourable change due to decreased borrowings and 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.



# NOTES TO THE FINANCIAL STATEMENTS

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## 23. Other reserves

	Group	
	2016 \$'000	2015 \$'000
Statutory reserve (Note 23A)	225	225
Foreign currency translation reserve (Note 23B)	17	138
	242	363

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.

### 23A. Statutory reserve

	Group	
	2016 \$'000	2015 \$'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.

### 23B. Foreign currency translation reserve

	Group	
	2016 \$'000	2015 \$'000
At beginning of the year	138	141
Exchange differences on translating foreign operations	(121)	(3)
At end of the year	17	138

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 24. Other financial liabilities

	Group	
	2016 \$'000	2015 \$'000
<b>Non-current:</b>		
<u>Financial instruments with floating interest rates:</u>		
Term loans (secured) (Note 24B)	12,980	13,605
<u>Financial instruments with fixed interest rates:</u>		
Term loans (unsecured) (Note 24B)	229	–
Finance leases (Note 24C)	76	148
Total non-current portion	13,285	13,753
<b>Current:</b>		
<u>Financial instruments with floating interest rates:</u>		
Bank overdrafts (secured) (Note 24A)	18	10
Bank overdrafts (unsecured) (Note 24A)	1,192	2,690
Bank loans (unsecured) (Note 24A)	–	2,125
Term loans (secured) (Note 24B)	624	619
Term loans (unsecured) (Note 24B)	710	1,361
<u>Financial instruments with fixed interest rates:</u>		
Finance leases (Note 24C)	163	267
Term loans (unsecured) (Note 24B)	54	208
Total current portion	2,761	7,280
Total	16,046	21,033
<u>The non-current portion is repayable as follows:</u>		
Due within 2 to 5 years	2,799	2,632
After 5 years	10,486	11,121
Total non-current portion	13,285	13,753

The range of floating interest rates paid were as follows:

	2016	2015
Bank overdrafts (secured)	7.60% to 7.90%	7.60% to 7.90%
Bank overdrafts (unsecured)	5.25% to 6.25%	5.25% to 6.25%
Bank loans (unsecured)	3.03% to 4.66%	3.15% to 4.66%
Term loans (secured)	2.19% to 7.15%	2.19% to 7.15%
Term loans (unsecured)	3.40% to 3.70%	2.98% to 3.60%

The range of fixed interest rates paid were as follows:

	2016	2015
Term loans (unsecured)	3.00% to 6.25%	3.00%

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 24. Other financial liabilities (cont'd)

### 24A. Bank loans and bank overdrafts

The bank loans are repayable in one lump sum on the last day of the period for which the drawdown was made and the maximum tenor of the loans is 6 months.

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

- (a) The first and legal charge over the subsidiaries' leasehold and freehold properties (Note 15);
- (b) Corporate guarantee from the company; and
- (c) Joint and several personal guarantees of certain directors of the group.

### 24B. Term loans

	Group	
	2016 \$'000	2015 \$'000
Term loan 1 (secured) <sup>(a)</sup>	13,423	14,031
Term loan 2 (secured) <sup>(b)</sup>	181	193
Term loan 3 (unsecured) <sup>(c)</sup>	–	153
Term loan 4 (unsecured) <sup>(d)</sup>	710	1,208
Term loan 5 (unsecured) <sup>(e)</sup>	–	208
Term loan 6 (unsecured) <sup>(f)</sup>	283	–
	14,597	15,793

<sup>(a)</sup> Term loan 1 is repayable by 240 monthly instalments commencing May 2014.

<sup>(b)</sup> Term loan 2 is repayable by 240 monthly instalments commencing May 2006.

<sup>(c)</sup> Term loan 3 is repayable by 36 monthly instalments commencing December 2013. It has been fully settled in the reporting year 2016.

<sup>(d)</sup> Term loan 4 is repayable by 36 monthly instalments commencing May 2015.

Although term loan 4 is for a period of 3 years from May 2015, it has been classified as "current" because the entity did not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting year.

<sup>(e)</sup> Term loan 5 is repayable by 12 monthly instalments commencing June 2015. It has been fully settled in the reporting year 2016.

<sup>(f)</sup> Term loan 6 is repayable by 60 monthly instalments commencing September 2016.

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' leasehold and freehold properties (Note 15);
- (b) Corporate guarantee from the company; and
- (c) Joint and several personal guarantees of certain directors of the group.

# NOTES TO THE FINANCIAL STATEMENTS

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## 24. Other financial liabilities (cont'd)

### 24C. Finance leases

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

### **2015**

Minimum lease payments payable:			
Due within one year	277	(10)	267
Due within 2 to 5 years	152	(4)	148
Total	<u>429</u>	<u>(14)</u>	<u>415</u>
Net book value of plant and equipment under finance leases			<u>720</u>

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	
	2016	2015
Average lease term, in years	1 – 3	1 – 3
Fixed borrowing rates per year	<u>1.55% to 2.60%</u>	<u>1.55% to 6.00%</u>

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 2.60% (2015: 1.55% to 6.00%) per year applicable to similar finance leases.

# NOTES TO THE FINANCIAL STATEMENTS

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## 25. Trade and other payables

	Group		Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	5,600	3,256	273	341
Bills payables to banks <sup>(a)</sup>	4,179	9,993	–	–
Trade payables – subtotal	9,779	13,249	273	341
<u>Other payables:</u>				
Other payables	117	218	15	18
Parent company (Note 3) <sup>(b)</sup>	5,055	1,200	–	–
Subsidiary (Note 3)	–	–	–	198
Other payables – subtotal	5,172	1,418	15	216
Total trade and other payables	14,951	14,667	288	557

<sup>(a)</sup> The range of floating interest rates was 2.73% to 5.50% (2015: 1.55% to 4.50%) per annum.

<sup>(b)</sup> The balance consists of loan from parent company of \$5,000,000 (2015: \$1,200,000) of which \$4,000,000 (2015: Nil) is interest-bearing, payable on demand and unsecured. The range of floating interest rates was 2.94% to 3.59% (2015: Nil) per annum.

## 26. Acquisition of business

On 26 July 2015, the group acquired business from Saint An Aluminium Co., Ltd.. The transaction was accounted for by the acquisition method of accounting.

Management has since finalised the purchase price allocation exercise and identified the fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition. There has been no change in the fair values identified from the provisional fair values in the reporting year 2015. The carrying amount of assets acquired and its related fair values were as follows:

	Fair values used \$'000
Plant and equipment	270
Inventories	603
Intangible assets	141
	1,014
Net cash outflow on acquisition	1,014
	\$'000
The consideration transferred is as follows:	
Cash	1,014



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## 26. Acquisition of business (cont'd)

The contributions from the acquired business for the period between the date of acquisition and the end of the previous reporting year were as follows:

	Group	
	From date of acquisition in 2015 \$'000	For the reporting year 2015 \$'000
Revenue	1,058	1,058
Loss before income tax	(18)	(18)

## 27. Derivatives financial instruments

	Group	
	2016 \$'000	2015 \$'000
<u>Assets not designated as hedging instruments:</u>		
Foreign currency options	-	2
The movements during the year were as follows:		
Balance at the beginning of the year	2	2
Settlements	(2)	(2)
Gains recognised in profit or loss under other gains	-	2
Total net balance at end of the year	-	2

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets.

### Foreign currency options

These include the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts. There are no foreign currency options outstanding as at the end of the reporting year 2016.

	Principal \$'000	Reference currency	Maturity	Fair value \$'000
<b>2015</b>				
Foreign currency option	100 - 200	USD	17 March 2016	(1)
Foreign currency option	100 - 200	USD	11 April 2016	3
				2

Currency derivatives are utilised to hedge significant future transactions and cash flows. The entity is party to a variety of foreign currency forwards contracts and options in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the entity's principal market. As a matter of principle, the entity does not enter into derivative contracts for speculative purposes.

The amount for reporting year 2015 was included in other receivables.

# NOTES TO THE FINANCIAL STATEMENTS

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## 27. Derivatives financial instruments (cont'd)

The fair value of foreign currency contracts is based on the current value of the difference between the contractual exchange rate and the market rate at the end of the reporting year. The fair value is regarded as a level 2 fair value measurement for financial instruments.

Financial instruments traded in the over-the-counter market include currency forward contracts and options on currency forward contracts that are valued based on broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency.

## 28. 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	
	2016 \$'000	2015 \$'000
Not later than one year	391	447
Later than one year and not later than five years	1,175	1,089
Later than five years	6,658	8,030
	589	482
Rental expense for the year	589	482

Operating lease payments represent mainly rentals payable for subsidiaries' leasehold property, factory properties, warehouse and dormitory. The lease rental term of the subsidiary's leasehold property is for 60 years. 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.

## 29. 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	
	2016 \$'000	2015 \$'000
Not later than one year	582	504
Later than one year and not later than five years	483	378
	563	525
Rental income for the year	563	525

Operating lease income commitments are for certain factory property. The lease rental income terms are negotiated for an average term of three years and rentals are subject to an escalation clause.

### 30. Financial instruments: information on financial risks

#### 30A. 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	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<u>Financial assets:</u>				
Cash and cash equivalents	3,433	1,165	240	46
Financial assets of fair value through profit or loss (included in other receivables)	–	2	–	–
Loans and receivables	10,417	10,988	1,792	1,912
At end of the year	13,850	12,155	2,032	1,958
<u>Financial liabilities:</u>				
Other financial liabilities measured at amortised cost	16,046	21,033	–	–
Trade and other payables measured at amortised cost	14,951	14,667	288	557
At end of the year	30,997	35,700	288	557

Further quantitative disclosures are included throughout these financial statements.

#### 30B. 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.
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 good 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 audit committee of the board.

# NOTES TO THE FINANCIAL STATEMENTS

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

### 30B. Financial risk management (cont'd)

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.

### 30C. 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.

### 30D. 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. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables 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 customers 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.

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 (2015: 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	
	2016 \$'000	2015 \$'000
Trade receivables:		
Less than 30 days	1,575	1,336
31 - 60 days	729	1,538
Over 60 days	1,809	1,635
Total	4,113	4,509

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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

### 30D. Credit risk on financial assets (cont'd)

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

	Group	
	2016 \$'000	2015 \$'000
Trade receivables:		
Over 180 days	3,099	1,433
Total	3,099	1,433

The allowance which is disclosed in the note on trade receivables is based on individual accounts totaling \$3,099,000 (2015: \$1,433,000) 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	
	2016 \$'000	2015 \$'000
Top 1 customer	985	770
Top 2 customers	1,895	1,439
Top 3 customers	2,710	1,970

### 30E. Liquidity risk – financial liabilities maturity analysis

The following tables analyse the derivative and 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:				
<b>2016:</b>				
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
<b>2015:</b>				
Gross borrowing commitments	7,285	2,748	14,995	25,028
Gross finance lease obligations	277	152	–	429
Trade and other payables	14,667	–	–	14,667
At end of the year	22,229	2,900	14,995	40,124



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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

### 30E. Liquidity risk – financial liabilities maturity analysis (cont'd)

	Less than 1 year	
	2016 \$'000	2015 \$'000
<b>Company</b>		
Non-derivative financial liabilities:		
Trade and other payables	288	557
At end of the year	288	557
<b>Group</b>		
Derivative financial liabilities:		
Gross settled:		
Foreign currency options	–	566
At end of the year	–	566

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 (2015: 30 to 90 days). The other payables are with short-term durations. 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.

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
<b>2016:</b>				
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
<b>2015:</b>				
Corporate guarantee in favour of subsidiaries (Note 3)	17,273	2,625	11,128	31,026
At end of the year	17,273	2,625	11,128	31,026

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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

### 30E. Liquidity risk – financial liabilities maturity analysis (cont'd)

	Group	
	2016 \$'000	2015 \$'000
<u>Bank facilities:</u>		
Undrawn borrowing facilities	41,837	36,054

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.

### 30F. 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	
	2016 \$'000	2015 \$'000
<u>Financial liabilities with interest:</u>		
Fixed rates	522	623
Floating rates	23,703	30,403
Total at end of the year	24,225	31,026

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.

Sensitivity analysis:

	Group	
	2016 \$'000	2015 \$'000
<u>Financial liabilities:</u>		
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	237	304

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).

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

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

### 30G. 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
<b>2016:</b>					
<u>Financial assets:</u>					
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
<u>Financial liabilities:</u>					
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
<b>2015:</b>					
<u>Financial assets:</u>					
Cash	221	255	113	318	907
Loans and receivables	1,411	3,612	632	763	6,418
Total financial assets	1,632	3,867	745	1,081	7,325
<u>Financial liabilities:</u>					
Other financial liabilities	–	131	193	–	324
Trade and other payables	8,098	3,299	362	283	12,042
Total financial liabilities	8,098	3,430	555	283	12,366
Net financial assets (liabilities) at end of the year	(6,466)	437	190	798	(5,041)

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

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

**30G. Foreign currency risks (cont'd)**

Sensitivity analysis:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>
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	52	647
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	(171)	(44)

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.

There is a decrease in foreign currency rates sensitivity on US Dollars for the current reporting year mainly due to the decrease in foreign currency liabilities, while an increase 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.

**31. 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.

<b>FRS No.</b>	<b>Title</b>
FRS 1	Amendments to FRS 1: Disclosure Initiative
FRS 16 & 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016

## 32. New or amended standards in issue but not yet effective

For the future reporting years new or revised Singapore Financial Reporting Standards and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year, except as disclosed below from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised FRSs will have on the entity's financial statements in the period of initial application.

FRS No.	Title	Effective date for periods beginning on or after
FRS 7	Amendments to FRS 7: Disclosure Initiative	1 Jan 2017
FRS 12	Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 Jan 2018
FRS 109	Financial Instruments	1 Jan 2018
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 115	Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116	Leases	1 Jan 2019

FRS 116 Leases effective for annual periods beginning on or after 1 January 2019 replaces FRS 17 and its interpretations. Almost all leases will be brought onto lessees' statements of financial position under a single model (except leases of less than 12 months and leases of low value assets). Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. The management anticipates that FRS 116 will be adopted in the financial statements when it becomes mandatory and that the application of the new standard will have a significant effect on amounts reported in respect of the leases. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Singapore-incorporated companies listed on the Singapore Exchange will be required to comply with new financial reporting standards (to be issued by the Singapore Accounting Standards Council) as identical to the International Financial Reporting Standards ("IFRS") for reporting year beginning on or after 1 January 2018. Comparative figures are required. The management anticipate that new financial reporting standards will be adopted in the financial statements when they become mandatory. The application of IFRS 1 First-time adoption of IFRS might have a significant effect on amounts reported in the financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

# PROPERTIES OF THE GROUP

YEAR ENDED 31 DECEMBER 2016

<b>Location</b>	<b>Description</b>	<b>Existing use</b>	<b>Tenure of land</b>
9 Tuas Avenue 2 Singapore 639449	2-storey detached factory	Office, workshop and warehouse	30 years from 16 Aug 1990 with option to extend another 30 years
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 17 MARCH 2017

## 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

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	10	2.49	10,000	0.01
1,001 - 10,000	253	62.93	1,361,000	1.26
10,001 - 1,000,000	129	32.09	14,170,000	13.12
1,000,001 and above	10	2.49	92,459,000	85.61
<b>Total</b>	<b>402</b>	<b>100.00</b>	<b>108,000,000</b>	<b>100.00</b>

## SHAREHOLDINGS HELD BY THE PUBLIC

Based on the information available to the Company as at 17 March 2017, approximately 27.46% 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	5,708,000	5.29
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	Koh Chin Hwa	463,100	0.43
17	Lim Bok Teck	455,000	0.42
18	Sok Hang Chaw	450,000	0.42
19	Tan Lay Peng	400,000	0.37
20	Chin Kai Seng	389,900	0.36
<b>Total</b>		<b>98,976,000</b>	<b>91.65</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2017

## SUBSTANTIAL SHAREHOLDERS

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

Name of shareholder	Direct interest		Deemed interest	
	No. of shares	% of shares	No. of shares	% of shares
Soon Tien Holdings Pte. Ltd.	72,900,000	67.50	–	–
Tan Yee Chin <sup>(1)(2)</sup>	998,334	0.92	73,300,000	67.87
Tan Yee Ho <sup>(1)</sup>	998,333	0.92	72,900,000	67.50
Tan Yee Leong <sup>(1)</sup>	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 2017 Annual General Meeting of the shareholders of Soon Lian Holdings Limited (the “**Company**”) will be held at 9 Tuas Avenue 2 Singapore 639449 on Thursday, 20 April 2017 at 9.30 a.m. to transact the following businesses:

## AS ORDINARY BUSINESS

1. To receive and consider the Statement by Directors and the Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Auditors’ Report thereon. **Resolution 1**
  
2. To re-elect Mr Tan Siak Hee, a Director of the Company retiring pursuant to Regulation 104 of the Company’s Constitution (“**Constitution**”) and who, being eligible, offer himself for re-election, as a Director of the Company. **Resolution 2**  
  
Mr Tan Siak Hee shall, upon re-election as Director of the Company, remain as Chairman of the Nominating Committee and member of the Audit Committee and Remuneration Committee. Mr Tan Siak Hee is considered independent by the Board of Directors of the Company (the “**Board**”) for the purpose of Rule 704(7) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”).  
  
[See Explanatory Note (i)]
  
3. To re-elect Mr Yap Kian Peng, 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**  
  
Mr Yap Kian Peng shall, upon re-election as Director of the Company, remain as Chairman of the Remuneration Committee and member of the Audit Committee and Nominating Committee. Mr Yap Kian Peng is considered independent by the Board for the purpose of Rule 704(7) of the Catalist Rules.  
  
[See Explanatory Note (i)]
  
4. To approve the payment of Directors’ fees of S\$85,000 for the financial year ended 31 December 2016. (FY2015 : 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, Cap. 50. and Rule 806 of the Catalist Rules, the Directors of the Company be authorised and empowered to:  
  
(a) (i) allot and issue shares in the capital of 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,

## NOTICE OF ANNUAL GENERAL MEETING

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) 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) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such 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) shall be based on the total number of issued shares (excluding treasury shares) 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, provided the options or awards were granted in compliance with the Catalist Rules; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution; 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. And to transact any other business which may be properly transacted at an Annual General Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Note:

- (i) Detailed information on the Directors who are proposed to be re-appointed can be found under the sections entitled “Board of Directors”, “Corporate Governance Report” and “Statement by Directors” of the Company’s Annual Report 2016. Each of Mr Tan Siak Hee and Mr Yap Kian Peng holds 50,000 issued shares in the capital of the Company. Save for the above, there are no relationships (including immediate family relationships) between each of Mr Tan Siak Hee and Mr Yap Kian Peng with the rest of the Directors of the Company, the Company, its related corporations, its 10% Shareholders or its officers.
- (ii) The proposed 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 varied or revoked 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, 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) 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 2017

## Notes:

- a) A member entitled to attend and vote at a general meeting is entitled to appoint no more than two proxies to attend and vote on his behalf. Where a member appoints more than one proxy, he shall specify the proportion of his shares to be represented by each proxy.
- b) Pursuant to Section 181 of the Companies Act, Cap. 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at a general meeting. Relevant intermediary is either:
  - (i) a banking corporation licensed under the Banking Act (Cap. 19) 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 (Cap. 289) and holds in that capacity; or
  - (iii) the Central Provident Fund (“**CPF**”) Board established by the Central Provident Fund Act (Cap. 36), 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 Meeting in person. CPF and SRS Investors who are unable to attend the 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 Meeting.
- c) If a proxy is to be appointed, the form must be deposited at the Share Registrar business office at 80 Robinson Road #11-02 Singapore 068898 not less than 48 hours before the meeting.
- d) A proxy need not be a member of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

## **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. (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 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

Registration No. 200416295G  
(Incorporated in Singapore)

## 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

as \*my/our \*proxy/proxies to vote for \*me/us on \*my/our behalf at the 2017 Annual General Meeting of the Company (the "**Annual General Meeting**") to be held on Thursday, 20 April 2017 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	Statement by Directors and Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Auditors' Report thereon		
2	Re-election of Mr Tan Siak Hee as a Director of the Company		
3	Re-election of Mr Yap Kian Peng as a Director of the Company		
4	Approval of the payment of Directors' fees for the financial year ended 31 December 2016		
5	Re-appointment of Messrs RSM Chio Lim LLP as Auditors of the Company and authority to Directors of the Company to fix their remuneration		
6	Proposed Share Issue Mandate		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Total number of shares held	
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\_\_\_\_\_  
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), 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 who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his behalf at the general meeting. Where a member appoints more than one proxy, he shall specify the proportion of his 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, Cap. 50 of Singapore, any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the general meeting. Relevant intermediary is either:
  - (i) a banking corporation licensed under the Banking Act (Cap. 19) 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 (Cap. 289) and holds in that capacity; or
  - (iii) the Central Provident Fund (“**CPF**”) Board established by the Central Provident Fund Act (Cap. 36), 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 Meeting in person. CPF and SRS Investors who are unable to attend the 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 Meeting.
4. The instrument appointing a proxy or proxies must be deposited at the Share Registrar business office at 80 Robinson Road #11-02 Singapore 068898 not later than 48 hours before the time set for 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 authorized 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 2017.



**SINGAPORE • CHINA • MALAYSIA • TAIWAN**

**Soon Lian Holdings Limited**

Company registration no. 200416295G

9 Tuas Avenue 2

Singapore 639449

Telephone: +(65) 6261 8888

Facsimile: +(65) 6862 6888

Email: [irelations@soonlian.com](mailto:irelations@soonlian.com)

**[WWW.SOONLIAN.COM](http://WWW.SOONLIAN.COM)**