
**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS AND DIVIDEND
ANNOUNCEMENT FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER
2022**

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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**A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**

		6 months ended 31 December 2022 (“2HFY2022”) S\$’000	6 months ended 31 December 2021 (“2HFY2021”) S\$’000	<u>Group</u> 12 months ended 31 December 2022 (“FY2022”) S\$’000	12 months ended 31 December 2021 (“FY2021”) S\$’000
Note					
Revenue	4	33,252	29,910	71,467	53,575
Cost of sales		(26,862)	(21,539)	(52,693)	(39,858)
Gross profit		6,390	8,371	18,774	13,717
Other income and gains		61	92	115	379
Distribution costs		(385)	(62)	(815)	(342)
Administrative expenses		(3,482)	(2,734)	(6,426)	(5,271)
Finance costs		(483)	(139)	(667)	(335)
Allowance of impairment loss on trade receivables, net		(828)	(1,124)	(1,224)	(1,107)
Other losses		(63)	(6)	(647)	(6)
Profit before tax	6	1,210	4,398	9,110	7,035
Income tax expense	7	(253)	(471)	(1,638)	(817)
Profit for the period		957	3,927	7,472	6,218
<u>Other comprehensive income</u>					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations, net of tax		(708)	105	(1,024)	250
Other comprehensive (loss)/income for the period, net of tax		(708)	105	(1,024)	250
Total comprehensive income for the period		249	4,032	6,448	6,468
Profit attributable to owners of the Company, net of tax		957	3,927	7,472	6,218
Profit net of tax		957	3,927	7,472	6,218
Total comprehensive income attributable to owners of the Company		249	4,032	6,448	6,468
Total comprehensive income		249	4,032	6,448	6,468
Earnings per share					
Basic		Cents 0.89	Cents 3.64	Cents 6.92	Cents 5.76
Diluted		0.89	3.64	6.92	5.76

* Both basic and diluted earnings per share are the same as there are no dilutive ordinary share equivalents outstanding during the respective reporting periods.

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	<u>Group</u>		<u>Company</u>	
		As at 31.12.2022	As at 31.12.2021	As at 31.12.2022	As at 31.12.2021
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
<u>Non-current assets</u>					
Property, plant and equipment	9	6,418	6,823	—	—
Right-of-use assets		2,455	470	—	—
Land use right		2,168	2,303	—	—
Investments in subsidiaries		—	—	11,283	11,283
Deferred tax assets		708	338	—	—
Total non-current assets		11,749	9,934	11,283	11,283
<u>Current assets</u>					
Inventories		54,809	27,441	—	—
Trade and other receivables		16,129	14,854	1,861	2,018
Other non-financial assets		612	1,326	13	28
Restricted cash		100	12	—	—
Cash and cash equivalents		5,148	7,294	265	721
Total current assets		76,798	50,927	2,139	2,767
Total assets		88,547	60,861	13,422	14,050
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	11	10,579	10,579	10,579	10,579
Retained earnings		32,357	25,321	1,844	2,722
Other reserves		(198)	714	—	—
Total equity		42,738	36,614	12,423	13,301
<u>Non-current liabilities</u>					
Financial liabilities - Lease liability		862	211	—	—
Other financial liabilities		5,675	7,273	—	—
Total non-current liabilities		6,537	7,484	—	—
<u>Current liabilities</u>					
Income tax payable		1,558	591	—	—
Financial liabilities - Lease liability		1,727	434	—	—
Other financial liabilities		1,629	1,707	—	—
Trade and other payables		34,358	14,031	999	749
Total current liabilities		39,272	16,763	999	749
Total liabilities		45,809	24,247	999	749
Total equity and liabilities		88,547	60,861	13,422	14,050

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

GROUP

	<u>Total equity</u> S\$'000	<u>Attributable to parent sub-total</u> S\$'000	<u>Share capital</u> S\$'000	<u>Retained earnings</u> S\$'000	<u>Foreign currency translation reserve</u> S\$'000	<u>Statutory reserve</u> S\$'000
Current year:						
Opening balance at 1 January 2022	36,614	36,614	10,579	25,321	267	447
Changes in equity:						
Total comprehensive income for the year	6,448	6,448	–	7,472	(1,024)	–
Dividend paid	(324)	(324)	–	(324)	–	–
Transferred (from)/to retained earnings	–	–	–	(112)	–	112
Closing balance at 31 December 2022	42,738	42,738	10,579	32,357	(757)	559
Previous year:						
Opening balance at 1 January 2021	30,146	30,146	10,579	19,307	17	243
Changes in equity:						
Total comprehensive income for the year	6,468	6,468	–	6,218	250	–
Transferred (from)/to retained earnings	–	–	–	(204)	–	204
Closing balance at 31 December 2021	36,614	36,614	10,579	25,321	267	447

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

COMPANY

	Total <u>equity</u> S\$'000	Share <u>capital</u> S\$'000	Retained <u>earnings</u> S\$'000
Current year:			
Opening balance at 1 January 2022	13,301	10,579	2,722
Changes in equity:			
Total comprehensive loss for the year	(554)	—	(554)
Dividend paid	(324)	—	(324)
Closing balance at 31 December 2022	12,423	10,579	1,844
Previous year:			
Opening balance at 1 January 2021	13,688	10,579	3,109
Changes in equity:			
Total comprehensive loss for the year	(387)	—	(387)
Closing balance at 31 December 2021	13,301	10,579	2,722

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	<u>Group</u>	
	<u>FY2022</u>	<u>FY2021</u>
	S\$'000	S\$'000
<u>Cash flows from operating activities</u>		
Profit before tax	9,110	7,035
Adjustments for:		
Interest income	(6)	(3)
Interest expense	667	335
Depreciation of property, plant and equipment	789	815
Depreciation of right-of-use assets	573	374
Amortisation of land use right	135	136
Impairment of property, plant and equipment	243	—
Allowance for impairment on trade receivables	1,224	1,107
Allowance for impairment on inventories	403	—
Reversal of impairment on inventories	—	(123)
Bad debts written-off	—	2
Bad debts recovered	(1)	(14)
Inventories written-off	1	4
Gains on disposal of property, plant and equipment	(15)	(9)
Plant and equipment written-off	4	—
Net effect of exchange rate changes in consolidating foreign operations	(1,221)	225
Operating cash flows before changes in working capital	11,906	9,884
Cash restricted in use	(88)	(1)
Inventories	(27,772)	(6,249)
Trade and other receivables	(2,498)	(3,988)
Other non-financial assets	714	(774)
Trade and other payables	9,017	5,936
Net cash flows (used in)/from operations	(8,721)	4,808
Income taxes paid	(1,000)	(337)
Net cash flows (used in)/from operating activities	(9,721)	4,471
<u>Cash flows from investing activities</u>		
Disposal of property, plant and equipment	22	20
Purchase of property, plant and equipment	(674)	(348)
Interest received	6	3
Net cash flows used in investing activities	(646)	(325)
<u>Cash flows from financing activities</u>		
Repayment of borrowings	(4,184)	(4,294)
Proceeds from borrowings	13,992	2,182
Lease liabilities	(601)	(440)
Interest paid	(662)	(303)
Dividend paid	(324)	—
Net cash flows from/(used in) financing activities	8,221	(2,855)
Net (decrease)/increase in cash and cash equivalents	(2,146)	1,291
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	7,294	6,003
Cash and cash equivalents, consolidated statement of cash flows, ending balance	5,148	7,294

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General

Soon Lian Holdings Limited (the “Company”) is incorporated in Singapore with limited liability. The Company is an investment holding company. It is listed on the Catalist, which is a shares market on Singapore Exchange Securities Trading Limited. These condensed interim consolidated financial statements as at and for the six months and full year ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Group consist of the sale and supply of aluminium alloy materials.

The latest audited annual financial statements were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

2. Basis of preparation

The condensed interim financial statements for the six months and year ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)s”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements.

However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar (S\$) which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to SFRS(I)s have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2. Basis of preparation (cont'd)

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the full year ended 31 December 2022.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is organised into the following main strategic operating segments according to the industry in which their customers operate:

- Segment 1: Precision Engineering
- Segment 2: Marine
- Segment 3: Stockists and traders
- Segment 4: Other customers

These operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker who are responsible for allocating resources and assessing performance of the operating segments.

4. Segment and revenue information (cont'd)

4.1 Profit or loss from operations and reconciliations

	Precision engineering S\$'000	Marine S\$'000	Stockists and traders S\$'000	Other customers S\$'000	Unallocated S\$'000	Group S\$'000
1 July 2022 to 31 December 2022						
Revenue by segment						
Total revenue by segment	19,845	9,312	3,113	982	–	33,252
Recurring earnings before interest, taxes, depreciation, and amortisation (“EBITDA”)	6,021	931	275	369	(582)	7,014
Finance costs	–	–	–	–	(483)	(483)
Depreciation and amortisation	–	–	–	–	(825)	(825)
Operating result before income taxes and other unallocated items	6,021	931	275	369	(1,890)	5,706
Other unallocated items					(4,496)	(4,496)
Profit before tax from continuing operations						1,210
Income tax expense						(253)
Profit from operations						957
1 July 2021 to 31 December 2021						
Revenue by segment						
Total revenue by segment	19,594	4,620	4,540	1,156	–	29,910
Recurring EBITDA	6,096	1,351	1,103	475	(94)	8,931
Finance costs	–	–	–	–	(139)	(139)
Depreciation and amortisation	–	–	–	–	(666)	(666)
Operating result before income taxes and other unallocated items	6,096	1,351	1,103	475	(899)	8,126
Other unallocated items					(3,728)	(3,728)
Profit before tax from continuing operations						4,398
Income tax expense						(471)
Profit from operations						3,927

4. Segment and revenue information (cont'd)

4.1 Profit or loss from operations and reconciliations (cont'd)

	Precision engineering S\$'000	Marine S\$'000	Stockists and traders S\$'000	Other customers S\$'000	Unallocated S\$'000	Group S\$'000
1 January 2022 to 31 December 2022						
Revenue by segment						
Total revenue by segment	44,622	17,730	7,258	1,857	–	71,467
Recurring EBITDA	15,261	2,866	1,289	867	(403)	19,880
Finance costs	–	–	–	–	(667)	(667)
Depreciation and amortisation	–	–	–	–	(1,497)	(1,497)
Operating result before income taxes and other unallocated items	15,261	2,866	1,289	867	(2,567)	17,716
Other unallocated items					(8,606)	(8,606)
Profit before tax from continuing operations						9,110
Income tax expense						(1,638)
Profit from operations						7,472
1 January 2021 to 31 December 2021						
Revenue by segment						
Total revenue by segment	34,796	8,716	8,373	1,690	–	53,575
Recurring EBITDA	10,119	2,069	1,620	724	123	14,655
Finance costs	–	–	–	–	(335)	(335)
Depreciation and amortisation	–	–	–	–	(1,325)	(1,325)
Operating result before income taxes and other unallocated items	10,119	2,069	1,620	724	(1,537)	12,995
Other unallocated items					(5,960)	(5,960)
Profit before tax from continuing operations						7,035
Income tax expense						(817)
Profit from operations						6,218

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

4. Segment and revenue information (cont'd)

4.2 Assets and reconciliations

	Precision engineering S\$'000	Marine S\$'000	Stockists and traders S\$'000	Other customers S\$'000	Unallocated S\$'000	Group S\$'000
<u>As at 31 December 2022:</u>						
Total assets for reportable segments	7,596	4,171	2,818	192	–	14,777
Unallocated:						
Property, plant and equipment	–	–	–	–	6,418	6,418
Right-of-use assets	–	–	–	–	2,455	2,455
Land use right	–	–	–	–	2,168	2,168
Deferred tax assets	–	–	–	–	708	708
Inventories	–	–	–	–	54,809	54,809
Restricted cash	–	–	–	–	100	100
Cash and cash equivalents	–	–	–	–	5,148	5,148
Other unallocated amounts	–	–	–	–	1,964	1,964
Total group assets	7,596	4,171	2,818	192	73,770	88,547
<u>As at 31 December 2021:</u>						
Total assets for reportable segments	9,885	613	3,405	331	–	14,234
Unallocated:						
Property, plant and equipment	–	–	–	–	6,823	6,823
Right-of-use assets	–	–	–	–	470	470
Land use right	–	–	–	–	2,303	2,303
Deferred tax assets	–	–	–	–	338	338
Inventories	–	–	–	–	27,441	27,441
Restricted cash	–	–	–	–	12	12
Cash and cash equivalents	–	–	–	–	7,294	7,294
Other unallocated amounts	–	–	–	–	1,946	1,946
Total group assets	9,885	613	3,405	331	46,627	60,861

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.

4. Segment and revenue information (cont'd)

4.3 Liabilities and reconciliations

	Precision engineering S\$'000	Marine S\$'000	Stockists and traders S\$'000	Other customers S\$'000	Unallocated S\$'000	Group S\$'000
As at 31 December 2022:						
Unallocated:						
Income tax payable	—	—	—	—	1,558	1,558
Borrowings	—	—	—	—	7,304	7,304
Lease liabilities	—	—	—	—	2,589	2,589
Trade and other payables	—	—	—	—	34,358	34,358
Total group liabilities	—	—	—	—	45,809	45,809
As at 31 December 2021:						
Unallocated:						
Income tax payable	—	—	—	—	591	591
Borrowings	—	—	—	—	8,980	8,980
Lease liabilities	—	—	—	—	645	645
Trade and other payables	—	—	—	—	14,031	14,031
Total group liabilities	—	—	—	—	24,247	24,247

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.

4.4 Other material items and reconciliations

	Precision engineering S\$'000	Marine S\$'000	Stockists and traders S\$'000	Other customers S\$'000	Unallocated S\$'000	Group S\$'000
Impairment (reversal) of receivables and inventories and bad debts recovered (net)						
12 months ended 31 December 2022	605	(208)	840	(14)	404	1,627
12 months ended 31 December 2021	535	233	313	14	(119)	976
Expenditure for non-current assets						
12 months ended 31 December 2022	—	—	—	—	674	674
12 months ended 31 December 2021	—	—	—	—	348	348

4. Segment and revenue information (cont'd)

4.5 Geographical information

	<u>Revenue</u>		<u>Non-current assets</u>	
	<u>FY2022</u>	<u>FY2021</u>	As at 31 December <u>2022</u>	As at 31 December <u>2021</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	21,944	10,728	9,279	8,891
Malaysia	25,504	16,623	316	204
China	6,579	9,861	1,303	311
Taiwan	8,368	8,156	143	190
Indonesia	2,093	2,009	—	—
Other countries	6,979	6,198	—	—
Total operations	<u>71,467</u>	<u>53,575</u>	<u>11,041</u>	<u>9,596</u>

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.

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2022 and 31 December 2021:

	<u>Group</u>		<u>Company</u>	
	31 December <u>2022</u>	31 December <u>2021</u>	31 December <u>2022</u>	31 December <u>2021</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	<u>21,377</u>	<u>22,160</u>	<u>2,126</u>	<u>2,739</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	<u>44,251</u>	<u>23,656</u>	<u>999</u>	<u>749</u>

6. Profit before tax

6.1 Significant items

	<u>Group</u>			
	<u>2HFY2022</u>	<u>2HFY2021</u>	<u>FY2022</u>	<u>FY2021</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Foreign exchange adjustment gain/(loss)	(32)	55	(398)	224
Depreciation of property, plant and equipment	(394)	(401)	(789)	(815)
Amortisation of land use right	(68)	(68)	(135)	(136)
Depreciation of right-of-use assets	(363)	(197)	(573)	(374)
Gains on disposal of property, plant and equipment, net	21	–	15	9
Reversal of impairment on trade receivables	–	(40)	–	–
Allowance for impairment on trade receivables	(828)	(1,084)	(1,224)	(1,107)
Reversal of impairment on inventories	(184)	(99)	–	123
Allowance for impairment on inventories	(398)	5	(403)	–
Bad debt recovered	1	–	1	14
Inventories written-off	(1)	(4)	(1)	(4)
Plant and equipment written-off	(4)	–	(4)	–
Interest expense	(483)	(139)	(667)	(335)
Impairment on plant and equipment	(31)	–	(243)	–
Bad debt written-off	–	(2)	–	(2)
Interest income	4	2	6	3
Government grant income	27	25	73	112

6.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<u>Group</u>			
	<u>2HFY2022</u>	<u>2HFY2021</u>	<u>FY2022</u>	<u>FY2021</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Current income tax expense	(629)	(473)	(2,011)	(824)
Deferred tax movement	376	2	373	7
Income tax expense	<u>(253)</u>	<u>(471)</u>	<u>(1,638)</u>	<u>(817)</u>

8. Net asset value

	<u>Group</u>		<u>Company</u>	
	31 December <u>2022</u>	31 December <u>2021</u>	31 December <u>2022</u>	31 December <u>2021</u>
Net asset value per ordinary share (S\$ cents)	39.6	33.9	11.5	12.3

9. Property, plant and equipment

During the six months ended 31 December 2022, the Group acquired assets amounting to S\$381,615 (31 December 2021: S\$124,162) and disposed of assets amounting to S\$0 (31 December 2021: S\$174).

10. Borrowings and debt securities

	<u>Group</u>		<u>Company</u>	
	31 December <u>2022</u>	31 December <u>2021</u>	31 December <u>2022</u>	31 December <u>2021</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Amount repayable within one year or on demand</u>				
Secured	13,835	2,565	–	–
Unsecured	1,322	1,360	–	–
	<u>15,157</u>	<u>3,925</u>	<u>–</u>	<u>–</u>
<u>Amount repayable after one year</u>				
Secured	3,810	4,125	–	–
Unsecured	1,949	3,268	–	–
	<u>5,759</u>	<u>7,393</u>	<u>–</u>	<u>–</u>

Details of any collaterals

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

Certain of the Group's term loans, bank loans and other credit facilities are secured by the legal mortgages on the Group's leasehold property, land use right and inventories. The finance leases are secured by the leased assets.

11. Share Capital

	<u>Number of shares issued</u> '000	<u>Share capital</u> S\$'000
<u>Group and Company</u>		
Ordinary shares of no par value:		
Balance as at 31 December 2022 and 31 December 2021	<u>108,000</u>	<u>10,579</u>

There has been no change in the Company's share capital since 31 December 2021.

The Company do not hold any treasury shares or convertible instruments as at 31 December 2022 and 31 December 2021.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2022 and 31 December 2021.

12. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

13. Changes in contingent liabilities or contingent assets

There were no material changes in the contingent liabilities or contingent assets since the last financial year ended 31 December 2021.

F. OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

1. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business.

The condensed consolidated statement of financial position of Soon Lian Holdings Limited and its subsidiaries as at 31 December 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period and full year then ended and certain explanatory notes have not been audited or reviewed.

Statement of Comprehensive Income

The Group has registered an improvement in net profit from S\$6.2 million in FY2021 to S\$7.5 million in FY2022. For 2HFY2022 period, the Group achieved a net profit of S\$1.0 million, 74.4% decrease from S\$3.9 million in 2HFY2021.

The Group's revenue increased by S\$17.9 million or 33.4%, from S\$53.6 million in FY2021 to S\$71.5 million in FY2022. For 2HFY2022 period, the Group's revenue also increased by S\$3.4 million or 11.4%, from S\$29.9 million in 2HFY2021 to S\$33.3 million in 2HFY2022. This was mainly due to an increase in sales to our customers in the marine segment.

Gross profit increased by S\$5.1 million or 37.2%, from S\$13.7 million in FY2021 to S\$18.8 million in FY2022. Gross profit margin remained fairly constant in both FY2022 (26.3%) and FY2021 (25.6%).

For 2HFY2022 period, gross profit decreased by S\$2.0 million or 23.8%, from S\$8.4 million in 2HFY2021 to S\$6.4 million in 2HFY2022. Gross profit margin decreased by 8.8 percentage points, from 28.0% in 2HFY2021 to 19.2% in 2HFY2022. This is due to the allowance for impairment on inventories of S\$0.4 million recognised in 2HFY2022.

Other income and gains decreased by S\$0.3 million or 75.0%, from S\$0.4 million in FY2021 to S\$0.1 million in FY2022, mainly due to a decrease of S\$0.2 million in foreign exchange adjustments gain. Other income and gains remained fairly constant in both 2HFY2022 and 2HFY2021.

Distribution costs increased by S\$0.5 million or 166.7%, from S\$0.3 million in FY2021 to S\$0.8 million in FY2022. For 2HFY2022 period, distribution costs increased by S\$0.3 million or 300.0%, from S\$0.1 million in 2HFY2021 to S\$0.4 million in 2HFY2022, mainly due to increase in commission expenses as a result of the increase in overseas sales made through agents and exhibition and entertainment expenses following with the resumptions of business travellings.

Administrative expenses increased by S\$1.1 million or 20.8%, from S\$5.3 million in FY2021 to S\$6.4 million in FY2022, mainly due to the increase in higher staff costs. For 2HFY2022 period, administrative expenses increased by S\$0.8 million or 29.6%, from S\$2.7 million in 2HFY2021 to S\$3.5 million in 2HFY2022, mainly due to higher staff costs.

Finance costs increased by S\$0.4 million or 133.3%, from S\$0.3 million in FY2021 to S\$0.7 million in FY2022. For 2HFY2022 period, finance costs increased by S\$0.4 million or 400.0%, from S\$0.1 million in 2HFY2021 to S\$0.5 million in 2HFY2022, due to the higher borrowing costs and higher usage of trade finance facilities in 2HFY2022 and FY2022.

The net allowance of impairment loss on trade receivables is fairly consistent in FY2021 and FY2022 and 2HFY2021 and 2HFY2022.

Other losses increased by S\$0.6 million, from S\$0.006 million in FY2021 to S\$0.6 million in FY2022, mainly due to the impairment on plant and equipment and foreign exchange adjustment loss. Other losses is fairly consistent in 2HFY2021 and 2HFY2022.

As a result of the above, the Group recorded a profit before tax of S\$9.1 million in FY2022, as compared to a profit before tax of S\$7.0 million in FY2021.

1. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. (cont'd)**

Statement of Financial Position

Non-current assets increased by S\$1.8 million, from S\$9.9 million as at 31 December 2021 to S\$11.7 million as at 31 December 2022, mainly due to an increase in right-of-use assets of S\$2.0 million, an increase in deferred tax assets of S\$0.4 million and decrease in property, plant and equipment of S\$0.4 million as a result of depreciation and amortisation charges.

Current assets increased by S\$25.9 million, from S\$50.9 million as at 31 December 2021 to S\$76.8 million as at 31 December 2022. This was mainly due to an increase in inventories of S\$27.4 million, an increase in trade and other receivables of S\$1.2 million, decrease in cash and cash equivalents of S\$2.2 million and decrease in other non-financial assets of S\$0.7 million. Please refer to the section on "Statement of Cash Flows" below for the reasons for the decrease in cash and cash equivalents.

Non-current liabilities decreased by S\$1.0 million, from S\$7.5 million as at 31 December 2021 to S\$6.5 million as at 31 December 2022, mainly due to net decrease in long-term bank loans of S\$1.6 million after repayment and increase in lease liability (non-current portion) of S\$0.7 million.

Current liabilities increased by S\$22.5 million, from S\$16.8 million as at 31 December 2021 to S\$39.3 million as at 31 December 2022, mainly due to an increase in trade and other payables of S\$20.4 million, an increase in income tax payable of S\$1.0 million and an increase in financial liabilities – lease liability of S\$1.3 million.

The Group reported a positive working capital position of S\$37.5 million as at 31 December 2022, as compared to S\$34.1 million as at 31 December 2021.

Total equity increased by S\$6.1 million, from S\$36.6 million as at 31 December 2021 to S\$42.7 million as at 31 December 2022, mainly as a result of the net profit for the year.

Statement of Cash Flows

Net cash flows used in operating activities amounted to S\$9.7 million, mainly due to the deterioration in cash flows from changes in working capital.

Net cash flows used in investing activities amounted to S\$0.6 million in FY2022, mainly due to the purchase of property, plant and equipment.

Net cash flows from financing activities amounted to S\$8.2 million in FY2022, mainly due to a net proceeds from borrowings of S\$9.8 million, interest payment of S\$0.7 million, repayment of lease liabilities of S\$0.6 million and dividend payment of S\$0.3 million.

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

No forecast or prospect statement was previously disclosed.

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

In FY2022, the Group encountered a mix of both challenging and positive developments that have far-reaching effects. The Russia-Ukraine war, resurgence of COVID-19 outbreaks, and rising inflation have created a complex and interrelated set of challenges that have curtailed global economic recovery. These challenges have not yet abated and there is concern of further escalation thus adding uncertainty for the coming financial year.

In contrast, the reopening of borders for trade and travel has alleviated the shortage of manpower and supply chain constraints, allowing the Group to explore opportunities for market expansion,. Furthermore, stabilising oil prices bodes well for continued orders for the Group's Marine segment while demand for the Group's Precision Engineering segment is expected to remain constant.

Taking all these into account, the Group is cautiously optimistic as it has proven itself to be resilient and capable in not only managing the challenges of FY2022 but also in tandem, strengthened its capabilities for long-term growth. Ongoing improvements such as the ISO certification for our Malaysia operations and continuous employee upskilling are set to better-position Soon Lian to navigate through the coming months. The Group will continue to closely track the macroeconomic situation and enact the relevant strategies to overcome challenges and capitalise on opportunities as it seeks to preserve and unlock sustainable value for its stakeholders.

4. Dividend information

a. Current Financial Period Reported On

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

Yes.

The directors are pleased to propose the payment of a final dividend of 0.3 Singapore cent per ordinary share, in respect of the financial year ended 31 December 2022, subject to the approval of shareholders at the next Annual General Meeting of the Company.

Name of dividend	Final
Dividend type	Cash
Dividend amount per share (in S\$ cents)	0.3
Tax rate	Tax-exempt (one tier)

b. Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

Name of dividend	Final
Dividend type	Cash
Dividend amount per share (in S\$ cents)	0.3
Tax rate	Tax-exempt (one tier)

4. Dividend information (cont'd)

c. Date payable

Subject to approval by the shareholders at the next Annual General Meeting, the payment date of the proposed dividend will be announced at a later date.

d. Record date

Subject to approval by the shareholders at the next Annual General Meeting, the record date will be announced at a later date.

5. Interested person transactions

The Company does not have a mandate from its shareholders for any interested person transactions. There are no interested person transactions of S\$100,000 or more during the financial period under review.

6. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalyst Rules

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

7. Disclosure of persons occupying managerial positions in the issuer or any of its principal subsidiaries who are relatives to a director, CEO or substantial shareholder of the issuer pursuant to Rule 704(10) of the Catalyst Rules

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Tan Ee Hoon	62	Sister of Mr Tan Yee Ho (Executive Chairman and controlling shareholder of the Company) and Mr Tan Yee Leong (Executive Director, Chief Executive Officer and controlling shareholder of the Company)	<u>Position:</u> General Administrative Manager of SL Metals Pte. Ltd., a wholly-owned subsidiary of the Company. <u>Year the position was first held:</u> 2021	Not applicable

8. Breakdown of sales

Group	<u>FY2022</u> S\$'000	<u>FY2021</u> S\$'000	<u>Increase/ (Decrease)</u> %
Revenue for first half year	38,215	23,665	61
Profit after tax for first half year	6,515	2,291	184
Revenue for second half year	33,252	29,910	11
Profit after tax for second half year	957	3,927	(76)

9. Breakdown of dividend

	<u>FY2022</u> S\$'000	<u>FY2021</u> S\$'000
Ordinary	324 *	324
Preference	—	—
Total	324	324

* Proposed final dividend, subject to the approval of shareholders at the next Annual General Meeting of the Company.

10. Disclosures on acquisition and realisation of shares pursuant to Rule 706A of the Catalist Rules

There were no acquisition or sale of shares in any of the Group's subsidiary or associated company nor incorporation or winding up or striking off of any subsidiary or associated company by the Company or any of the Group's entities during 2HFY2022.

On behalf of the Board of Directors

TAN YEE HO
Executive Chairman

TAN YEE LEONG
Chief Executive Officer and
Executive Director

Singapore
23 February 2023