SOON LIAN
HOLDINGS LIMITED
順聯控股有限公司

BUILDING ON OUR ACHIEVEMENTS

ANNUAL REPORT 2014

CONTENTS

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this 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 Karen Soh, Managing Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road, #21-02 Singapore 068896, Telephone (65) 6854 6160.

DRIVE AND DETERMINATION

DIFFERENTIATION

LONG-TERM GROWTH

CONTINUOUS ACHIEVEMENT

COMPANY **PROFILE**

Listed on the SGX Catalist in 2007, Soon Lian Holdings Limited (the "Group" or "Soon Lian") is a specialist supplier of aluminium alloy product with an established track record of more than 30 years. The beginnings of the Group lay 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 and Malaysia. 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, PRC, Singapore, South Korea, Taiwan, Thailand, UAE and Vietnam.

At Soon Lian, we supply a comprehensive range of over 1,300 different aluminium alloy product 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. Equipped with a unique CNC (Computer Numerical Control) plasma cutting system and CNC high precision saws, we are able to cut the aluminium alloy product to various forms and dimensional specifications required by our customers.

We source our inventories of aluminium alloy product from reputable suppliers in countries such as Austria, Greece, Italy, Japan, Malaysia, PRC, Singapore, South Africa and USA. Our major suppliers such as Alcoa, Aleris, AMAG, Elval, Hulamin and Kobelco are amongst the largest manufacturers of aluminium alloy product in the world. As an endorsement of our quality management system, we were awarded the ISO 9001:2008 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.

SINGAPORE PRESTIGE BRAND AWARD - HERITAGE BRANDS

BUSINESS SEGMENTS
AND INDUSTRIES

Marine

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

Precision Engineering

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

Oil and Gas

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

Others

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

A SOLID FOUNDATION

Since our establishment as Soon Lian Hardware in 1983, we have grown steadily over three decades, guided by core values of Trust, Passion and Sincerity. Together with drive, foresight and a focus on high quality product and customer service standards, we have differentiated ourselves from our competitors and developed a resilient business.

LETTER TO SHAREHOLDERS

Dear Shareholders,

FY2014 has been productive and eventful for Soon Lian Holdings Limited. We strengthened revenue and registered growth in operating and net profit of our Group. Equally important, we achieved top and bottom-line growth in our core markets of Singapore, China and Malaysia. We also concluded a milestone sale of our property at 35 Tuas Avenue 2 for a significant gain while purchasing a new property at 9 Tuas Avenue 2 with a modern industrial building in which we are able to expand our storage capacity and widen our strategic marketing options.

Our Group was able to achieve this growth despite operating under a global economic environment characterised by uncertainty. In January 2014, the International Monetary Fund ("IMF") had forecast that the lingering effects of the global financial crisis would gradually dissipate and that advanced economies would generally begin to register a stronger recovery. As the year progressed, we witnessed persistent weaknesses in Europe and Japan as well as a weak first quarter in the US. By year-end, the only major economy whose rebound was gaining momentum was the United States. Nonetheless, in Asia, where we conduct the majority of our business, economic growth was encouraging and business sentiment was overall positive.

In China, despite a government-engineered economic slowdown with credit tightening policies, we leveraged on our strong business networks and branding as a quality supplier of aluminium alloy to secure improved sales. In Singapore and Malaysia, our two other large markets, business conditions were also favourable. In Singapore, this came about despite economic growth in 2014 being a moderate 2.9% in 2014, according to reports from the Ministry of Trade and Industry Singapore in February 2015.

Amid this background, our Group's revenue increased by S$8.9 million or 24.9%, from S$35.6 million in FY2013 to S$44.5 million in FY2014. This was mainly due to the increase in sales to our customers in the marine, precision engineering and semiconductor segments, partially offset by a decrease in sales to the stockists and traders segment. Gross profit increased by S$1.6 million or 23.5%, mainly due to the increase in revenue. However, gross profit margin decreased by 0.2 percentage points to 18.4%, compared to 18.6% in FY2013. Overall, we achieved a net profit before tax of S$11.5 million in FY2014, an increase of more than 100% compared to FY2013 where net profit before tax was S$0.7 million. This was mainly due to the increase in gross profit as well as the non-recurring gain from the disposal of the Group's property at 35 Tuas Avenue 2.

Leveraging on our established reputation for offering high quality products and superior customer service, we continued to make inroads in China during FY2014. Building on our presence in Suzhou and Shenzhen, we capitalised on increased demand from the semiconductor industry to boost sales from our precision engineering segment. In Singapore, sales from our marine segment and precision engineering segment increased in FY2014, led by orders from key local customers. Our marine customers are mostly from the shipbuilding and offshore marine engineering industries.

New Location, Expanded Options

In June 2014, we completed the sale of our headquarters and warehouse at 35 Tuas Avenue 2. The sale of this property at S$19.8 million generated a significant net gain of S$10.0 million over its net book value as at 31 December 2014. This non-recurring gain helped boost the performance of our core operations in 2014.

During FY2014, we also finalised the purchase of the property at 9 Tuas Avenue 2 for S$21.5 million. Our new premises is just within the vicinity of our old headquarters, so relocation was smooth and downtime was minimised. This new location encompasses a 2-storey detached factory and a land area of about 149,000 sq ft. The aggregate built-in area is about 85,500 sq ft, 30% larger than the previous location. The total land area is 65% larger, greatly expanding our storage capacity, enhancing our latitude for stocking an expanded range of high-grade aluminium alloy and ultimately, widening our marketing options. Our new premise positions us well for the future as we look to broaden our client base.

Enhancing our Brand

In FY2014, we clinched the SPBA-Heritage Brands Award which recognises time-honoured, home-grown brands that have embraced exceptional brand practices for more than 25 years. With 30 years of experience and a diversified presence in over 15 countries worldwide, our growth has been underpinned not only by a far-sighted management but by a belief in brand development. Our enterprise has gained recognition over the years. We were honoured as an Enterprise 50 Award winner in 2007 by Accenture and the Business Times, and won a Singapore 1000 Company award since 2009, organised by DP Information Group and partners.

Based on our core qualities of Trust, Passion and Sincerity, and a commitment to product quality and customer service, we have, over the years, sought to build on our corporate trademarks by distinguishing ourselves from the competition through brand building efforts. We do this through development of a strong corporate identity, adherence to brand marketing standards and involvement in corporate award competitions. Truly, it is our strong branding that has enabled us to make inroads - especially into new geographical markets. Overall, this SPBA-Heritage Brands Award accolade is a significant milestone and I would like to thank all our dedicated employees, directors and business partners for making it happen. Going forward, we aim to continue developing our brand heritage and enterprise, aspiring to be Asia's leading trusted partner in total aluminium solutions.

Outlook and Strategy

At the start of 2015, global economic prospects are forecasted to be cloudy, according to the IMF in its January 2015 report. While continued weakness in oil prices might boost growth, the IMF notes that this will likely be offset by the decrease in investment due to lowered expectations about medium–term growth in many advanced and emerging market economies. This is because of persistent weaknesses in major economies such as the Euro-zone and Japan, as well as a government-engineered slowdown in China, among other reasons. The US is the only major economy projected to strengthen robustly in 2015. In sum, the IMF believes that risks to global growth have increased and although global expansion should pick up in 2015, it has projected global growth to be a moderate 3.5% for 2015. Meanwhile, emerging markets and developing economies are forecasted to remain stable in 2015. In Singapore, the government has projected continued moderate growth of 2.0% to 4.0% for 2015.

Uncertainties in our larger economic and business environment lie ahead but I believe that with our flexibility and prudence, we will be able to navigate our corporate ship well. Our well-honed, Group-wide co-ordination of resources coupled with a larger storage capacity and two new cutting machines will enable us to drive business development, cater to a wider customer base and enhance efficiency as we step forward.

Moving into 2015, we are encouraged by our strengthened resources. Combined with our international client and supplier networks, we are flexible and well-positioned for future challenges. We are also looking to establish overseas branches to leverage on our presence and develop business relationships, or secure a beachhead in new markets.

Besides organic growth, we will continue to explore other means of expansion including mergers and acquisitions. In this evolving environment, there is no guaranteed way forward for growth. We must thus remain agile and open, seizing opportunities when they arise.

Conclusion

All in, our core operations and networks remain strong, and together with an overall improving world economy, barring any unforeseen circumstances, we are cautiously optimistic about the prospects for our two largest business segments of marine and precision engineering as well as in our largest country markets of Singapore, China and Malaysia.

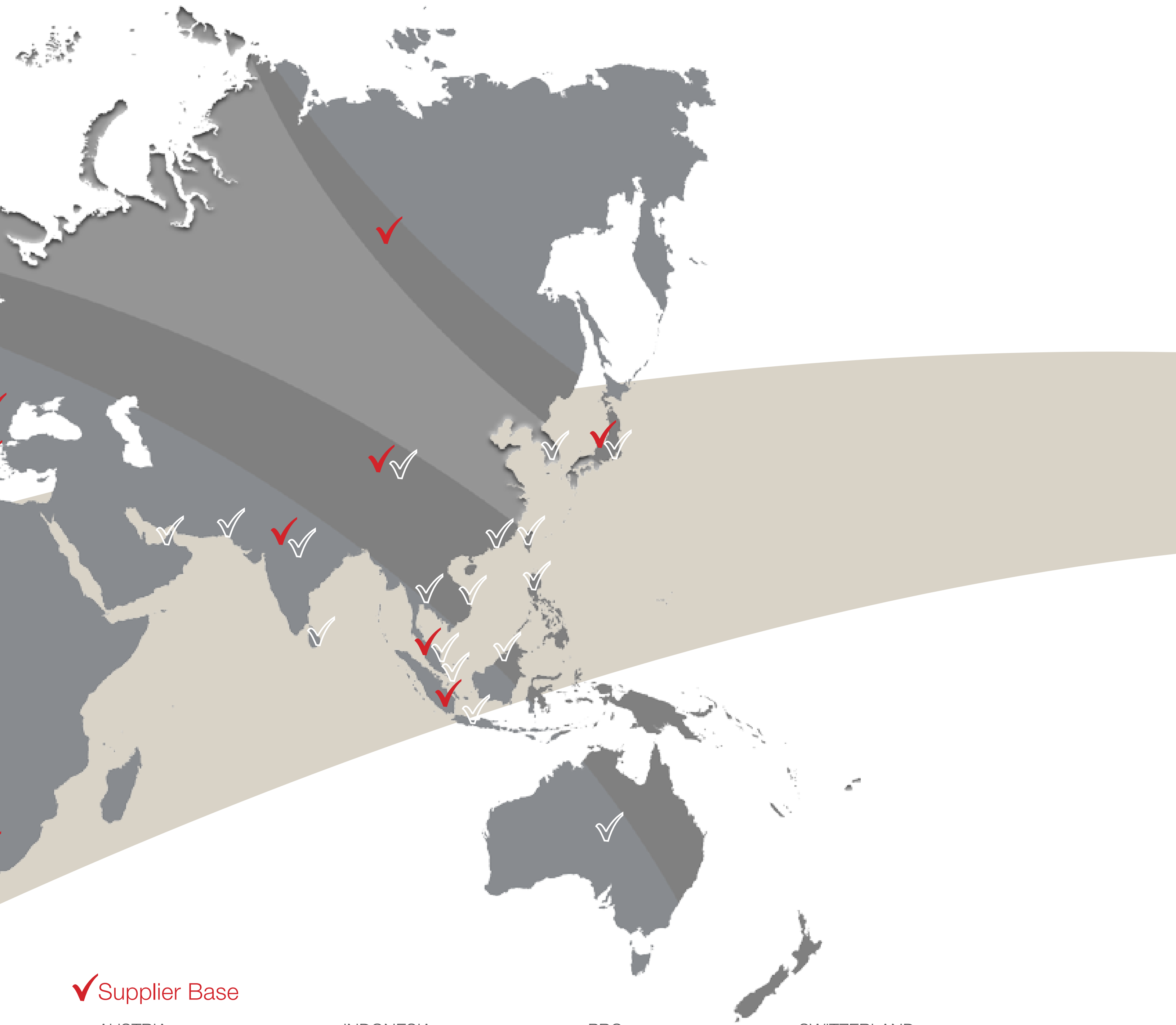
Certainly, risks will remain. In this uncertain economic climate, post-global financial crisis, they are more present than ever. Persistent inflation and increasing operational expenses, especially in Singapore and China where we conduct the majority of our operations, are issues we have to be vigilant against. Likewise, we have to manage inventory levels, credit risk and financial costs, against a likely environment of increasing interest rates.

To end, on behalf of the Board, allow me to extend our sincere gratitude to our management and staff, directors and business partners for their support, efforts and wise counsel over an eventful and productive year. We are especially thankful to our business partners for their advice and confidence in us as we worked together to smoothly conclude the two property transactions. Last but not least, a big "thank you" must be extended to our shareholders for their loyal support. As a Group, we have come a long way, and are on firm ground to take us further. In partnership with our stakeholders, we look forward to a brisk new year in FY2015.

Tony Tan Yee Chin
Chairman and CEO

BUILDING ON OUR BASE

As we forge forward, we build on our solid base of a stout geographical presence in Singapore, China and Malaysia and a strong, broad network of international partners and customers.



Supplier Base

AUSTRIA
CANADA
GREECE
INDIA
INDONESIA
ITALY
JAPAN
MALAYSIA
PRC
ROMANIA
RUSSIA
SOUTH AFRICA
SWITZERLAND
THE NETHERLANDS
UK
USA

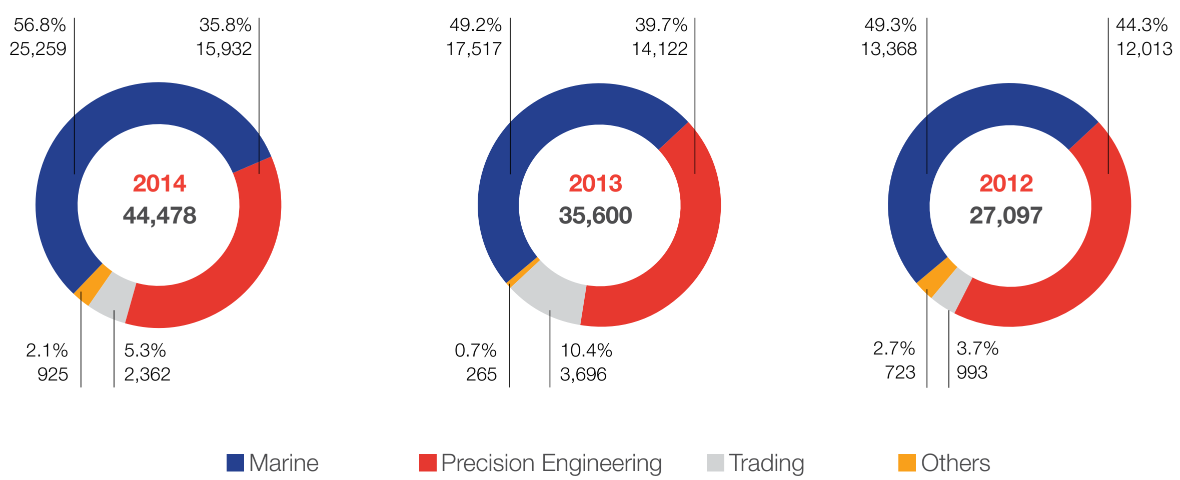
Customer Base

AUSTRALIA
BRUNEI
HONG KONG
INDIA
INDONESIA
JAPAN
MALAYSIA
PAKISTAN
PHILIPPINES
PRC
SINGAPORE
SOUTH KOREA
SRI LANKA
TAIWAN
THAILAND
UAE
VIETNAM

FINANCIAL HIGHLIGHTS

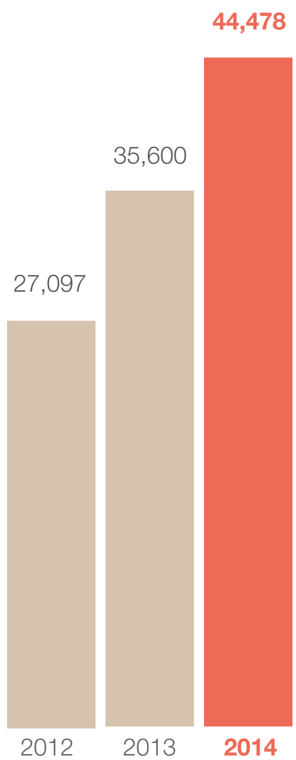
	FY2014 S$'000	FY2013 S$'000
INCOME STATEMENT		
Revenue	44,478	35,600
Gross Profit	8,185	6,629
Profit before Taxation	11,494	652
Taxation	1	(274)
Profit after Tax	11,495	378
Earnings per Share (in cents)	10.64	0.35
BALANCE SHEET	As at 31 December 2014 S$'000	As at 31 December 2013 S$'000
Non-Current Assets	25,365	2,946
Current Assets	46,028	48,288
TOTAL ASSETS	71,393	51,234
Total Equity	33,207	21,680
Non-Current Liabilities	14,354	301
Current Liabilities	23,832	29,253
Total Liabilities	38,186	29,554
TOTAL EQUITY AND LIABILITIES	71,393	51,234
Net Asset Value per Share (in cents)	30.7	20.1

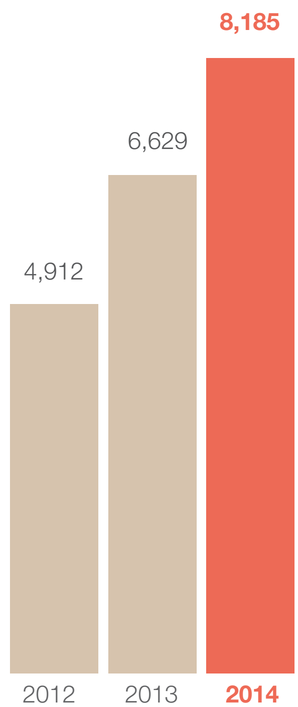
Sales (By Business Segment)
(S$'000) (%)



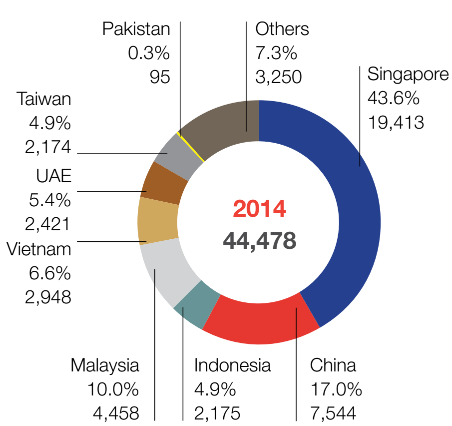
FINANCIAL HIGHLIGHTS

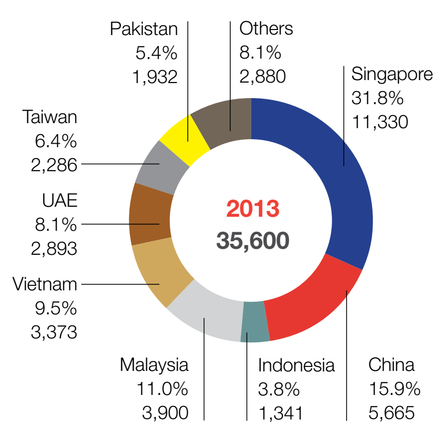
Revenue (S$'000)	Gross Profit (S$'000)	Net Profit After Tax (S$'000)

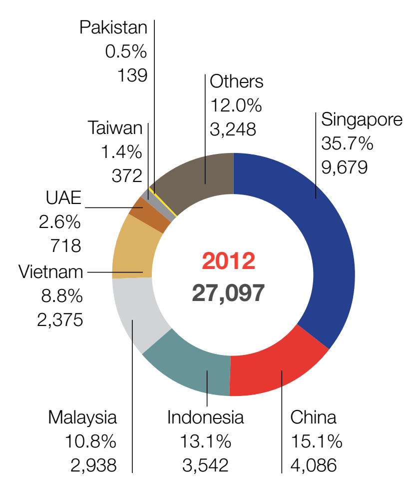




Sales (By Geographical Segment)
(S$'000) (%)







OPERATIONS AND FINANCIAL REVIEW

Business Overview

We are a specialist supplier of over 1,300 different aluminium alloy product 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 product to other aluminium stockists and traders, as well as customers in other industries.

We provide customisation as part of our value-added services and we employ several processing systems such as a unique CNC (Computer Numerical Control) plasma cutting system, CNC high precision saws and fully automatic band saws which are able to cut the aluminium alloy product to various forms and dimensional specifications according to each individual customer's specifications. Our cutting service enables customers to focus on their core competence in shipbuilding or precision engineering, and reduce or avoid additional investments in machines and equipment for cutting of aluminium alloy product to the required dimensions.

Marine

Our aluminium alloy product 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, tees which is 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 product are accompanied by certificates issued by manufacturers. To ensure product quality of the aluminium alloy materials for the marine sector, we engage independent certification bodies such as DNV, Lloyd's and ABS to conduct inspections of our marine sector products and issue inspection certificates.

Precision Engineering

The aluminium alloy product 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 product are sourced from established manufacturers whose products have tight dimensional tolerance, do not distort during intricate machining operations, have good surface finishing and are easily cut, drilled and machined by standard equipment.

Stockists and Others

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

Operational Highlights

In FY2014, the Group's revenue amounted to S$44.5 million, a commendable 24.9% increase over the previous year where revenue was S$35.6 million. This was driven by an increase in sales in the two main business segments of marine and precision engineering. Revenue growth was partially offset by a decrease in sales to customers in the stockists and traders segment.

Our largest segment, marine, booked sales of S$25.3 million in FY2014, a 44.2% increase over the previous year. This was driven by growth mainly from local customers in the design, construction, repair and operation of high speed aluminium vessels such as crew boats, ferries and luxury craft. Marine segment sales accounted for 56.8% of the Group's total revenue in FY2014.

The precision engineering segment registered sales of S$15.9 million in FY2014, a 12.8% increase compared to FY2013. This segment remained our second largest contributor to the Group's revenue accounting for 35.8% in FY2014. This sturdy performance was due to an increase in sales by our China subsidiaries in Suzhou and Shenzhen. Through an increase in our marketing efforts, they were able to record higher sales, particularly with semiconductor, high technology and photovoltaic industry customers. In our stockists and traders segment, sales decreased by S$1.3 million to S$2.4 million in FY2014 with lacklustre demand from overseas stockists and traders.

In FY2014, Singapore remained our largest market, accounting for S$19.4 million or 43.6% of the Group's total revenue. China was our second largest market, accounting for S$7.5 million or 17.0%. Our third largest market, Malaysia, generated revenue amounting to S$4.5 million or 10.0%. Vietnam recorded revenue of S$2.9 million or 6.6%, while Dubai (UAE) and Taiwan recorded revenue of S$2.4 million or 5.4% and S$2.2 million or 4.9% of the Group's total revenue, respectively. We continued to strengthen our international network of customers, exporting to over 15 countries worldwide.

Financial Review

In FY2014, the Group's revenue improved by 24.9% to S$44.5 million, from S$35.6 million in the previous year. Net profit was S$11.5 million, compared with S$0.4 million in the previous year.

In line with revenue growth, gross profit increased by 23.5% to S$8.2 million in FY2014, as compared to S$6.6 million in FY2013. Gross profit margin, however decreased from 18.6% in FY2013 to 18.4% in FY2014.

Other credits increased by S$10.0 million, from S$0.2 million in FY2013 to S$10.2 million in FY2014. Other credits in FY2014 mainly consisted of the gain from the disposal of the Group's property at 35 Tuas Avenue 2 of S$10.0 million, reversal of allowance for impairment on trade receivables of S$0.1 million as well as government grant income of S$0.1 million.

Marketing and distribution costs decreased by S$0.5 million or 35.0%, from S$1.4 million in FY2013 to S$0.9 million in FY2014. This was mainly due to a decrease in commission expenses, in line with the decrease in overseas sales secured through overseas sales agents.

Administrative expenses increased by S$0.7 million or 16.8%, from S$4.2 million in FY2013 to S$4.9 million in FY2014, mainly due to (a) an increase in payroll expenses of S$0.5 million resulting from annual salary increments and the increase in the number of staff as well as the payment of a one-off special bonus to the Group's staff arising from the gain from the disposal of the Group's property at 35 Tuas Avenue 2; and (b) an increase in other general administrative expenses of S$0.2 million.

In FY2014, finance costs increased by S$0.2 million or 37.5%, from S$0.6 million in FY2013 to S$0.8 million in FY2014. This was mainly due to an increase in interest expenses as a result of higher utilisation of bank overdraft facilities, trade facilities and the increase in bank borrowings used to finance the acquisition of the Group's new property at 9 Tuas Avenue 2.

Other charges also saw an increase of S$0.3 million in FY2014 mainly due to the foreign exchange losses of S$0.2 million as a result of the appreciation of the US Dollar against the Singapore Dollar and allowance for impairment on inventories of S$0.1 million.

The Group registered a profit before tax of S$11.5 million in FY2014, which was an improvement over FY2013 where profit before tax was S$0.7 million. This was mainly due to the increase in gross profit as well as the non-recurring gain from the disposal of the Group's property at 35 Tuas Avenue 2.

Market Outlook

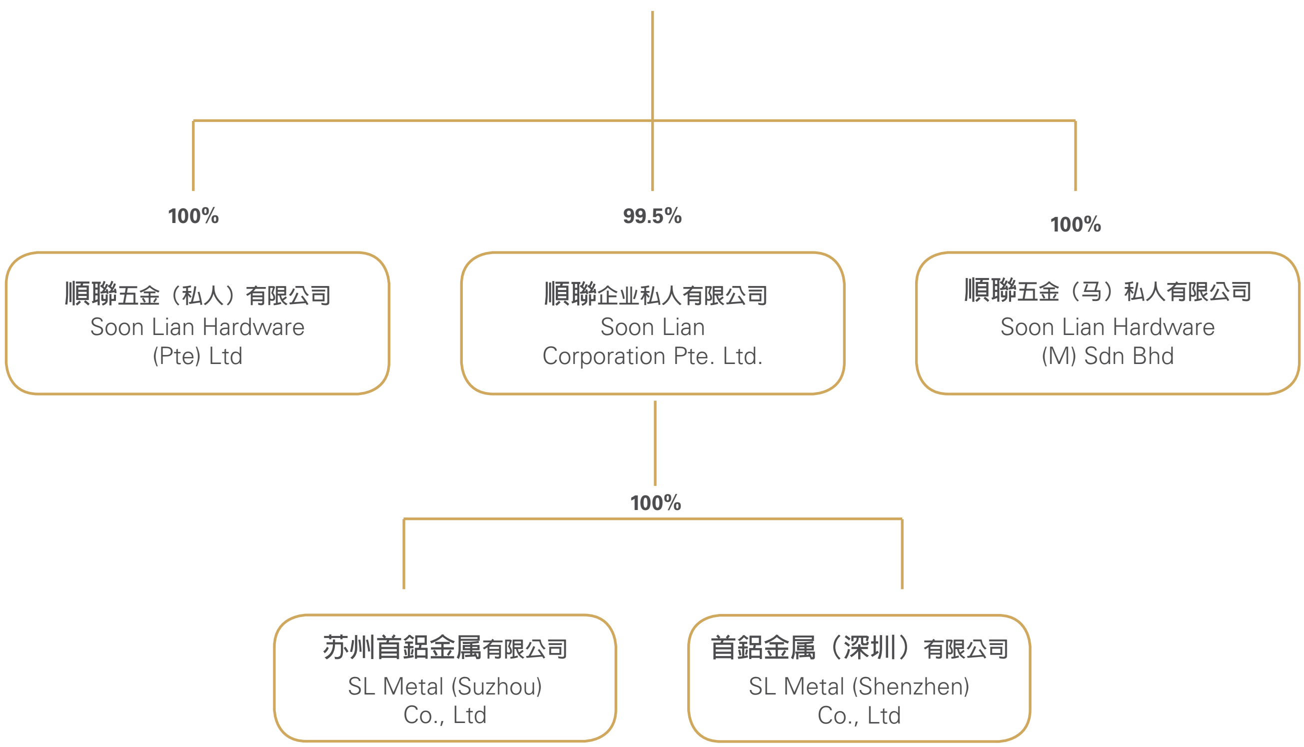
As we embark on a new year, we note that the global economic outlook continues to remain uncertain. The International Monetary Fund (IMF), in its World Economic Outlook Update in January 2015, highlighted this uncertainty, emphasising that risks to global growth have increased. Current weak oil prices might boost growth but it will likely be offset by a decrease in investment due to lowered expectations about medium-term growth in many advanced and emerging market economies. Persistent issues like sovereign debt and high unemployment still weigh heavily on many European economies. Slow growth in Japan and China will also dampen regional Asian demand and affect prospects for emerging economies. Overall global growth for 2015 is projected by IMF at 3.5%, a slight improvement over the 3.3% for 2014.

With these uncertain conditions, we have to brace ourselves for change. Flexibility will be key in making the most of opportunities in a dynamic market landscape. In addition, we will leverage on our enhanced storage capacity with the relocation of our headquarters to a larger premise at 9 Tuas Avenue 2. We will also seek to expand our presence, especially in our main markets of Singapore, China and Malaysia. Last but not least, we will enhance our Group-wide co-ordination and integration, enabling us to better meet the requirements of our diverse international clients.

Risk management will be vital as we move ahead. External risks such as persistent inflation and volatile capital flows and their economic effects have to be managed. We will also be vigilant against internal risks such as credit limits and operating costs.

CORPORATE
STRUCTURE

SOON LIAN
HOLDINGS LIMITED
順聯控股有限公司

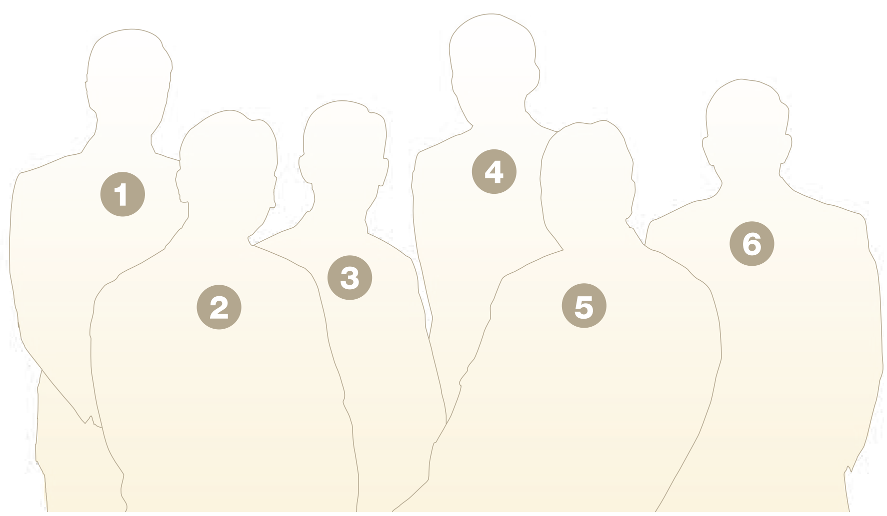


READY

FOR THE FUTURE

Our relocation to new premises at 9 Tuas Avenue 2 has expanded our built-in area by 30% to 85,500 sq ft and our total land area by 65% to 149,000 sq ft. This gives us the flexibility to increase and widen our range of inventory to better cater to our growing pool of customers.

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 Vice-Chairman of the Board of Directors of Singapore Chinese High School and the Treasurer of Board of Governors of Hwa Chong Institution. He is also the Chairman of the School Advisory Committee of Xingnan Primary School. In addition, he sits on two other publicly listed companies as an independent director. These companies are Best World International Ltd and Hor Kew Corporation Ltd . 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 29 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 Natonal 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 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, in charge of their financing and accounting functions. 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 Corporaton Ltd. He is also an Independent Director and the Chairman of the Audit Committee of M Development Limited and Seroja Investment Ltd, 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 Financial 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 Accountant 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 13 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. has since been 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 25 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
Website: www.soonlian.com

COMPANY SECRETARY

Ng Kim Ying, FCA Singapore

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

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

AUDITORS

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

AUDIT PARTNER-IN-CHARGE

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

SPONSOR

Canaccord Genuity Singapore Pte. Ltd.
77 Robinson Road
#21-02
Singapore 068896

CORPORATE GOVERNACE REPORT AND **FINANCIAL CONTENTS**

CORPORATE
GOVERNANCE REPORT

Soon Lian Holdings Limited (the "Company") 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 2014 ("FY2014"), 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.

In compliance with the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("Catalist Rules"), the Company has appointed Canaccord Genuity Singapore Pte. Ltd. (the "Sponsor") as its continuing Sponsor with effect from 4 January 2010.

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 Management's performance and ensuring the implementation of appropriate control systems to manage the Group's business and financial risks.

To assist in the execution of its responsibilities, the Board has established three Board committees, namely a Nominating Committee ("NC"), a Remuneration Committee ("RC") and an Audit Committee ("AC"). 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 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 announcement. Ad-hoc meetings are held at such times, as and when required, to address any specific significant matters which may arise. The Articles of Association of the Company provide for Directors to convene meetings other than physical meetings, by teleconferencing.

Details of the Directors' attendances at Board and Board Committee meetings held during FY2014 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*	2	2*
Tan Yee Ho	2	2	2	2*	1	1*	2	2*
Tan Yee Leong	2	2	2	2*	1	1*	2	2*
Lee Sen Choon	2	2	2	2	1	1	2	2
Tan Siak Hee	2	2	2	2	1	1	2	2
Yap Kian Peng	2	2	2	2	1	1	2	2

* 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. During the financial year reported on, all Directors had received updates on changes to the Catalist Rules. 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 judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board of Directors 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 and 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. Lee Sen Choon, Tan Siak Hee and Yap Kian Peng have confirmed that they do not have any relationship with the Company, its related companies, shareholder who holds 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 FY2014, the NC has reviewed and determined that the three Non-Executive Directors are independent. None of the Independent Directors have served on the Board beyond nine years from the date of his first appointment.

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 Company's operations. The Independent Directors participate actively in Board 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.

CORPORATE
GOVERNANCE REPORT

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 has failed to resolve. 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.

The Chairman is 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.

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. The NC Chairman is not associated in any way with any substantial shareholder of the Company.

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

The NC is established for purpose of ensuring that there is an objective and transparent process for all Board appointments. It has adopted written terms of reference defining its membership, 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) to assess the performance of the Board; and

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

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 candidates' 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 Articles of Association of the Company 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. 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 Yee Ho and Tan Yee Leong will be retiring by rotation pursuant to Article 104 of the Company's Articles of Association. Both of them, being eligible for re-election, have offered themselves for re-election. The NC has also recommended to the Board that Tan Yee Ho and Tan Yee Leong be nominated for re-election at the forthcoming AGM. In making the recommendation, the NC has considered their overall contributions and performance.

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 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 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	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	1. GCE "O" levels	18.12.2004	24.04.2013	Nil	Nil
Tan Yee Ho	1. GCE "O" levels	18.12.2004	20.04.2012	Nil	Nil
Tan Yee Leong	1. GCE "O" levels	18.12.2004	20.04.2012	Nil	Nil
Lee Sen Choon	1. Bachelor of Science (Honours) (Singapore) 2. Post-graduate Diploma in Management (UK) 3. Fellow Member of ICAEW 4. Member (practising) of ISCA	31.10.2007	24.04.2013	1. Best World International Ltd (Independent Non-Executive Director, Chairman of Audit Committee) 2. Hor Kew Corporation Limited (Independent Non-Executive Director)	1. Rokko Holdings Ltd (Independent Non-Executive Director, Chairman of Audit Committee)

Name of Director	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	1. Bachelor of Laws – University of London 2. Barrister At Law – Lincoln's Inn 3. Masters of Art - Kelaniya University 4. Graduate Certificate in International Arbitration – National University of Singapore 5. Advocate & Solicitor, Commissioner for Oaths and Notary Public, Supreme Court, Singapore 6. Fellow, Singapore Institute of Arbitrators 7. Fellow, Chartered Institute of Arbitrators 8. Member, Lincoln's Inn 9. Member, Law Society of Singapore 10. Member, Singapore Institute of Directors	31.10.2007	25.04.2014	Nil	1. PSL Holdings Ltd (Independent Non-Executive Director, Chairman of Remuneration Committee)
Yap Kian Peng [1]	1. Bachelor Degree in Business (Business Administration)	31.10.2007	25.04.2014	1. Jackspeed Corporation Limited (Deputy Chairman and Executive Director) 2. M Development Ltd. (Independent Non-Executive Director, Chairman of Audit Committee) 3. Seroja Investments Limited (Independent Non-Executive Director, Chairman of Audit and Remuneration Committees)	1. China Bearing (Singapore) Ltd. (Independent Non-Executive Director, Chairman of Audit Committee) 2. Travelite Holdings Ltd. (Independent Non-Executive Director, Chairman of Remuneration Committee) 3. Sincap Group Limited (Independent Non-Executive Director, Chairman of Audit Committee

Note

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

For FY2014, 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 backgroud, experience and expertise of each Director, it would not be necessary to evaluate the individual performance of each Director and the Board Committees. The NC will, at the relevant time, look into adopting guidelines for annual assessment of the contribution of each individual Director to the effectiveness of the Board and also the assessment of 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 Company's key executives and 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.

A Director 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 purposes of ensuring that there is a formal and transparent procedure for fixing the remuneration packages of individual Directors. The overriding principle is 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 and administration.

The principal functions of the RC are as follows:

1) to review and recommend to the Board 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 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 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. However, for FY2014, the RC has deliberated and recommended a one-off payment of Directors' fees amounting to an aggregate of S$140,000 to the Executive Directors, namely Tan Yee Chin, Tan Yee Ho and Tan Yee Leong, in recognition of their efforts and contribution towards the Group in connection with the gain from the disposal of the Group's property in FY2014. The Directors' fees payable to the Executive Directors are subject to shareholders' approval at the forthcoming AGM.

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 RC has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises. During FY2014, the RC did not seek any external professional advice on remuneration.

Details of the remuneration of the Directors and key management personnel of the Group for FY2014 are set out below:

	Directors' Fees	Salary	Bonus	Allowances and Benefits in kind	Total	Total
	%	%	%	%	%	S$
Lee Sen Choon	100	–	–	–	100	35,000
Tan Siak Hee	100	–	–	–	100	25,000
Yap Kian Peng	100	–	–	–	100	25,000
Tan Yee Chin	18	58	14	10	100	479,000
Tan Yee Ho	8	67	17	8	100	320,000
Tan Yee Leong	8	62	15	15	100	308,000

The remuneration of all key management personnel (who are not Directors of the Company) for FY2014 are set out below:

	Salary	Bonus	Allowances and Benefits in kind	Total
	%	%	%	%
Between S$250,000 to S$499,999				
Ng Kim Ying	65	27	8	100
Below S$250,000				
Wu Wei-Tsung, William	51	21	28	100
Lim Heng Min	75	11	14	100

Note: The Company has only three key management personnel who are not Directors of the Company in FY2014.

The aggregate remuneration of all key management personnel (who are not Directors of the Company for FY2014) is S$634,000.

There are no termination, retirement and post-employment benefits that may be granted to the Directors, CEO and all key management personnel of the Group.

The remuneration of an employee, who is an immediate family member of a Director or substantial shareholder, for FY2014 is set out below:

	Salary	Bonus	Allowances and Benefits in kind	Total
	%	%	%	%
Between S$50,000 to S$100,000				
Tan Lay Peng	58	18	24	100

Tan Lay Peng is the spouse of Tan Yee Chin (Chairman and CEO of the Company) and sister-in-law of 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 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 internal controls, provides its perspective on management control and ensures that the necessary corrective actions are taken on a timely basis. There are procedures in place for both the internal and external auditors to report independent conclusions and recommendations to the Management and the AC.

Based on the internal control policies and procedures established and maintained by the Group, work performed by the external and internal auditors as well as reviews performed by the Management, the Board and the Board Committees, 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 as at 31 December 2014. This is in turn, supported by assurance from the CEO and 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 control.

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

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

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

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

The AC will meet with the external 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 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.

The AC has full access to, and the co-operation of, the Management and also full discretion to invite any Director or key management to attend its meetings, and has been given reasonable resources to enable it to discharge its functions.

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 FY2014 is S$102,000 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 of the external auditors.

Having reviewed and been satisfied that the external auditors, 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 financial year ending 31 December 2015 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 were 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 relation to its independent auditors.

In FY2014, 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 and the assistance given by the Management to the internal auditor;

(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 each of the external auditors and internal auditors once without the presence of the Management; and

(i) reviewed all the 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 AC meetings half yearly.

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 is outsourced to a certified public accounting firm. The internal auditors report primarily to the Chairman of the AC. The internal auditors have unrestricted direct access and reports to the AC.

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 FY2014, 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 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 Articles of Association of the Company. 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 Company's Articles of Association allows corporations which provide nominee or custodial services to appoint up to two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

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 Company's results are published through the SGXNET. Results and annual reports are announced or issued within the mandatory period.

The Group 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.

The Company does not have a fixed dividend policy at present. The frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, projected capital requirements for business growth and other factors as the Board may deem appropriate. Taking into account the above factors, the Board has recommended dividends to be paid in respect of FY2014, subject to shareholders' approval at the forthcoming AGM.

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.

All shareholders of the Company receive copies of the Annual Reports and Notice of Annual General Meeting ("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, senior 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. To facilitate voting by shareholders, the Company's Articles of Association allows shareholders to appoint up to two proxies to attend and vote at the same general meeting.

Resolutions to be passed at general meetings are always separate on each distinct issue so that shareholders are better able to exercise their right to approve or deny the issue or motion.

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.

Pursuant to the Catalist Rules, the Company will be required to conduct its voting at general meetings by poll effective from 1 August 2015 where shareholders are accorded voting rights proportionate to their shareholding and all votes will be counted. Taking into account of the effective date and subject to the Company's consideration of cost efficiency and effectiveness, the Company will from time to time review the need to conduct poll voting for all resolutions to be passed at the general meetings of the Company. At the forthcoming AGM, the Company will conduct its voting on a show of hands instead of poll voting.

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

During the financial year under review, there were no transactions entered into with interested persons equal to or exceeding S$100,000.

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

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 FY2014 or if not then subsisting, entered into since the end of the previous financial year.

HEDGING POLICY

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

CATALIST SPONSOR

With reference to Rule 1204(21) of the Catalist Rules, no non-sponsor fees were paid to the Sponsor, Canaccord Genuity Singapore Pte. Ltd., in FY2014.

The Directors of the Company are pleased to present their report together with the audited financial statements of the Company and of the Group for the reporting year ended 31 December 2014.

1. Directors

The Directors of the Company in office at the date of this report are:

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

2. 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 any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

3. Directors' interests in shares and debentures

The Directors of the Company holding office at the end of the reporting year had no interests in the share capital of the Company and related corporations as recorded in the register of Directors' shareholdings kept by the Company under section 164 of the Companies Act, Chapter 50 (the "Act") except as follows:

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

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

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 corporations of the Company.

The Directors' interests as at 21 January 2015 were the same as those at the end of the reporting year.

4. Contractual benefits of Directors

Since the beginning of the reporting year, no Director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements.

5. Share options

During the reporting year, no option to take up unissued shares of the Company or any subsidiary was granted.

During the reporting year, there were no shares of the Company or any subsidiary 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 any subsidiary under option.

6. Independent auditor

The independent auditor, RSM Chio Lim LLP, have expressed their willingness to accept re-appointment.

7. 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 external auditor their audit plan.
- Reviewed with the 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 the management to the internal auditor.

7. Audit committee (cont'd)

- 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 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 group, 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 group's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2014.

9. Subsequent developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 12 February 2015, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

On Behalf of The Directors

Tan Yee Chin
Director

Tan Yee Ho
Director

2 March 2015

STATEMENT BY **DIRECTORS**

Year ended 31 December 2014

In the opinion of the directors,

(a) the accompanying consolidated statement of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity, consolidated statement of cash flows, and notes thereto are drawn up so as to give a true and fair view of the state of affairs of the company and of the group as at 31 December 2014 and of the results and cash flows of the group and changes in equity of the company and of the group for the reporting year then ended; 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.

On Behalf of The Directors

Tan Yee Chin Director	Tan Yee Ho Director

2 March 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of Soon Lian Holdings Limited (Registration No: 200416295G)

Report on 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 2014, 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 a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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 consolidated statement of profit or loss and other comprehensive income and statements of financial position and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 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 Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at 31 December 2014 and of the results, changes in equity and cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

INDEPENDENT
AUDITOR'S REPORT

To the Members of Soon Lian Holdings Limited (Registration No: 200416295G)

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 subsidiaries incorporated in Singapore of which we are the auditor have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

2 March 2015

Partner in charge of audit: Lee Mong Sheong
Effective from year ended 31 December 2013

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2014

		Group	
	Notes	2014	2013
		$'000	$'000
Revenue	5	44,478	35,600
Cost of sales		(36,293)	(28,971)
Gross profit		8,185	6,629
Other items of income			
Interest income	6	5	2
Other gains	7	10,230	229
Other items of expense			
Marketing and distribution costs	10	(905)	(1,393)
Administrative expenses	10	(4,907)	(4,201)
Finance costs	8	(828)	(602)
Other losses	7	(286)	(12)
Profit before tax from continuing operations		11,494	652
Income tax income (expense)	11	1	(274)
Profit net of tax		11,495	378
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		32	203
Other comprehensive income for the year, net of tax		32	203
Total comprehensive income		11,527	581
Profit attributable to owners of the parent, net of tax		11,494	377
Profit attributable to non-controlling interests, net of tax		1	1
Profit net of tax		11,495	378
Total comprehensive income attributable to owners of the parent		11,526	580
Total comprehensive income attributable to non-controlling interests		1	1
Total comprehensive income		11,527	581
Earnings per share			
Earnings per share currency unit		Cents	Cents
Basic	13	10.64	0.35
Diluted	13	10.64	0.35

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

STATEMENTS OF
FINANCIAL POSITION

As at 31 December 2014

	Notes	Group		Company	
		2014	2013	2014	2013
		$'000	$'000	$'000	$'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	25,028	2,800	–	–
Investments in subsidiaries	15	–	–	11,210	11,210
Deferred tax assets	11	337	146	–	–
Total non-current assets		25,365	2,946	11,210	11,210
Current assets					
Assets held for sale under FRS 105	16	–	8,838	–	–
Inventories	17	26,062	23,343	–	–
Trade and other receivables	18	13,368	10,503	1,934	1,785
Other assets	19	132	2,900	13	39
Cash and cash equivalents	20	6,466	2,704	70	30
Total current assets		46,028	48,288	2,017	1,854
Total assets		71,393	51,234	13,227	13,064
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	21	10,579	10,579	10,579	10,579
Retained earnings		22,246	10,771	1,560	1,436
Other reserves	22	366	315	–	–
Equity, attributable to owners of the parent		33,191	21,665	12,139	12,015
Non-controlling interests		16	15	–	–
Total equity		33,207	21,680	12,139	12,015
Non-current liabilities					
Other financial liabilities	23	14,354	301	–	–
Total non-current liabilities		14,354	301	–	–
Current liabilities					
Income tax payable		68	80	11	17
Trade and other payables	24	20,691	18,256	1,077	1,032
Other financial liabilities	23	3,073	10,917	–	–
Total current liabilities		23,832	29,253	1,088	1,049
Total liabilities		38,186	29,554	1,088	1,049
Total equity and liabilities		71,393	51,234	13,227	13,064

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

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2014

Group:	Total equity $'000	Attributable to parent sub-total $'000	Share capital $'000	Retained earnings $'000	Other reserves $'000	Non-controlling interests $'000
Current year:						
Opening balance at 1 January 2014	21,680	21,665	10,579	10,771	315	15
Movements in equity:						
Total comprehensive income for the year	11,527	11,526	–	11,494	32	1
Transfer to statutory reserve (Note 22A)	–	–	–	(19)	19	–
Closing balance at 31 December 2014	33,207	33,191	10,579	22,246	366	16
Previous year:						
Opening balance at 1 January 2013	21,099	21,085	10,579	10,410	96	14
Movements in equity:						
Total comprehensive income for the year	581	580	–	377	203	1
Transfer to statutory reserve (Note 22A)	–	–	–	(16)	16	–
Closing balance at 31 December 2013	21,680	21,665	10,579	10,771	315	15

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

STATEMENTS OF
CHANGES IN EQUITY
Year ended 31 December 2014

Company:	Total equity $'000	Share capital $'000	Retained earnings $'000
Current year:			
Opening balance at 1 January 2014	12,015	10,579	1,436
Movements in equity:			
Total comprehensive income for the year	124	–	124
Closing balance at 31 December 2014	12,139	10,579	1,560
Previous year:			
Opening balance at 1 January 2013	11,876	10,579	1,297
Movements in equity:			
Total comprehensive income for the year	139	–	139
Closing balance at 31 December 2013	12,015	10,579	1,436

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

CONSOLIDATED
STATEMENT OF CASH FLOWS
Year ended 31 December 2014

	Group	
	2014	2013
	$'000	$'000
Cash flows from operating activities		
Profit before tax	11,494	652
Adjustments for:		
Interest income	(5)	(2)
Interest expense	828	602
Depreciation of property, plant and equipment	858	681
Forward contract gains-transactions not qualifying as hedges	(2)	(14)
Gain on disposal of property, plant and equipment	(10,006)	(12)
Net effect of exchange rate changes in consolidating foreign operations	47	197
Operating cash flows before changes in working capital	3,214	2,104
Inventories	(2,719)	(4,835)
Trade and other receivables	(2,920)	(4,890)
Other assets	2,768	(2,752)
Trade and other payables	2,435	7,710
Net cash flows from (used in) operations	2,778	(2,663)
Income taxes paid	(148)	(37)
Net cash flows from (used in) operating activities	2,630	(2,700)
Cash flows from investing activities		
Disposal of property, plant and equipment	19,261	65
Purchase of property, plant and equipment (Notes 14 and 20B)	(23,345)	(807)
Interest received	5	2
Net cash flows used in investing activities	(4,079)	(740)
Cash flows from financing activities		
Decrease in other financial liabilities	(8,103)	(3,190)
Increase from new borrowings (Note 20B)	15,050	3,000
Interest paid	(828)	(602)
Net cash flows from (used in) financing activities	6,119	(792)
Net increase (decrease) in consolidated cash and cash equivalents	4,670	(4,232)
Cash and cash equivalents, consolidated statement of cash flows, beginning balance	1,771	6,003
Cash and cash equivalents, consolidated statement of cash flows, ending balance (Note 20A)	6,441	1,771

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

1. General

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

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

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

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

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

2. Summary of significant accounting policies

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("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 made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

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. Summary of significant accounting policies (cont'd)

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.

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. Interest 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.

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 agrees 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.

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.

2. Summary of significant accounting policies (cont'd)

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.

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.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. The interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant.

2. Summary of significant accounting policies (cont'd)

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	–	10% to 20%

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.

Leases

Whether an arrangement is, or contains, a lease, it is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. 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.

2. Summary of 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

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

Non-controlling interests

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

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.

2. Summary of significant accounting policies (cont'd)

Assets classified as held for sale

Identifiable assets and liabilities and any disposal groups are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by FRS 105 in certain circumstances. It can include a subsidiary acquired exclusively with a view to resale. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal and are presented separately on the face of the statement of financial position. Once an asset is classified as held for sale or included in a group of assets held for sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

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.

Financial assets

Initial recognition, measurement and derecognition:

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

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

Subsequent measurement:

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

1. Financial assets at fair value through profit or loss: 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. Summary of significant accounting policies (cont'd)

Financial assets (cont'd)

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

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

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

Cash and cash equivalents

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

Derivatives

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. Summary of 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. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

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: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) 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. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount measured in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

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. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

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.

2. Summary of significant accounting policies (cont'd)

Fair value measurement (cont'd)

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.

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.

Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

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.

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.

2. Summary of significant accounting policies (cont'd)

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

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 future demand for the products. 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.

Income tax amounts:
The entity recognises tax liabilities and tax assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised 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.

3. Related party relationships and transactions

FRS 24 defines a related party as a person or entity that is related to the reporting entity and it includes (a) A person or a close member of that person's family if that person: (i) has control or joint control over the reporting entity; (ii) has significant influence over the reporting entity; or (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity. (b) An entity is related to the reporting entity if any of the following conditions apply: (i) The entity and the reporting entity are members of the same group. (ii) One entity is an associate or joint venture of the other entity. (iii) Both entities are joint ventures of the same third party. (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity. (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. (vi) The entity is controlled or jointly controlled by a person identified in (a). (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity). (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3.1 Related companies:

The company is a subsidiary of Soon Tien Holdings Pte. Ltd., incorporated in Singapore. The company's ultimate parent company is the same entity. Related companies in these financial statements include the members of the parent company's group of companies. The ultimate controlling parties are Tan Yee Chin, Tan Yee Ho and Tan Yee Leong.

There are transactions and arrangements between the reporting entity and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any non-current balances and financial guarantees no interest or charge is imposed 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.

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

3.2 Key management compensation:

	Group	
	2014 $'000	2013 $'000
Salaries and other short-term employee benefits	1,866	1,673

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

	Group	
	2014 $'000	2013 $'000
Remuneration of directors of the company	968	942
Remuneration of director of a subsidiary	38	36
Fees to directors of the company	225	85
Fees to director of a subsidiary	1	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.

3.3 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:

	Subsidiaries	
Company	2014 $'000	2013 $'000
Other receivables (other payables):		
Balance at beginning of the year	1,157	986
Amounts paid out and settlement of liabilities on behalf of subsidiaries	280	171
Balance at end of the year	1,437	1,157
Presented in the statement of financial position as follows:		
Other receivables (Note 18)	1,934	1,785
Other payables (Note 24)	(497)	(628)
Balance at end of the year	1,437	1,157

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 results or financial position of the group.

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 summary of significant accounting policies.

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

	Marine $'000	Precision engineering $'000	Stockists and traders $'000	Other customers $'000	Unallocated $'000	Group $'000
Continuing operations 2014						
Revenue by segment						
Total revenue by segment	25,259	15,932	2,362	925	–	44,478
Recurring EBITDA	3,870	3,204	431	680	–	8,185
Finance costs	–	–	–	–	(828)	(828)
Depreciation	–	–	–	–	(858)	(858)
ORBT	3,870	3,204	431	680	(1,686)	6,499
Other unallocated items					4,995	4,995
Profit before tax from continuing operations						11,494
Income tax income						1
Profit from continuing operations						11,495

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

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

	Marine $'000	Precision engineering $'000	Stockists and traders $'000	Other customers $'000	Unallocated $'000	Group $'000
Continuing operations 2013						
Revenue by segment						
Total revenue by segment	17,517	14,122	3,696	265	–	35,600
Recurring EBITDA	2,771	2,229	1,500	129	–	6,629
Finance costs	–	–	–	–	(602)	(602)
Depreciation	–	–	–	–	(681)	(681)
ORBT	2,771	2,229	1,500	129	(1,283)	5,346
Other unallocated items					(4,694)	(4,694)
Profit before tax from continuing operations						652
Income tax expense						(274)
Profit from continuing operations						378

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

4C. Assets and reconciliations

	Marine $'000	Precision engineering $'000	Stockists and traders $'000	Other customers $'000	Unallocated $'000	Group $'000
2014						
Total assets for reportable segments	7,552	4,725	458	486	–	13,221
Unallocated:						
Property, plant and equipment	–	–	–	–	25,028	25,028
Deferred tax assets	–	–	–	–	337	337
Inventories	–	–	–	–	26,062	26,062
Cash and cash equivalents	–	–	–	–	6,466	6,466
Other unallocated amounts	–	–	–	–	279	279
Total group assets	7,552	4,725	458	486	58,172	71,393
2013						
Total assets for reportable segments	5,378	3,721	291	903	–	10,293
Unallocated:						
Property, plant and equipment	–	–	–	–	2,800	2,800
Assets held for sale under FRS 105	–	–	–	–	8,838	8,838
Other assets	–	–	–	–	2,900	2,900
Deferred tax assets	–	–	–	–	146	146
Inventories	–	–	–	–	23,343	23,343
Cash and cash equivalents	–	–	–	–	2,704	2,704
Other unallocated amounts	–	–	–	–	210	210
Total group assets	5,378	3,721	291	903	40,941	51,234

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

4C. Assets and reconciliations (cont'd)

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

4D. Liabilities and reconciliations

	Marine	Precision engineering	Stockists and traders	Other customers	Unallocated	Group
	$'000	$'000	$'000	$'000	$'000	$'000
2014						
Unallocated:						
Income tax payable	–	–	–	–	68	68
Borrowings	–	–	–	–	17,427	17,427
Trade and other payables	–	–	–	–	20,691	20,691
Total group liabilities	–	–	–	–	38,186	38,186
2013						
Unallocated:						
Income tax payable	–	–	–	–	80	80
Borrowings	–	–	–	–	11,218	11,218
Trade and other payables	–	–	–	–	18,256	18,256
Total group liabilities	–	–	–	–	29,554	29,554

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

	Marine	Precision engineering	Stockists and traders	Other customers	Unallocated	Group
	$'000	$'000	$'000	$'000	$'000	$'000
Impairment (reversal) of receivables and inventories						
2014	–	(87)	–	–	31	(56)
2013	(77)	82	–	–	(17)	(12)
Expenditure for non-current assets						
2014	–	–	–	–	23,515	23,515
2013	–	–	–	–	867	867

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

4F. Geographical information

	Revenue		Non-current assets	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Singapore	19,413	11,330	24,017	1,715
China	7,544	5,665	478	515
Malaysia	4,458	3,900	533	570
Vietnam	2,948	3,373	–	–
Dubai (UAE)	2,421	2,893	–	–
Taiwan	2,174	2,286	–	–
Pakistan	95	1,932	–	–
Other countries	5,425	4,221	–	–
Total continuing operations	44,478	35,600	25,028	2,800

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	
	2014	2013
	$'000	$'000
Top 1 customer in marine segment	12,926	5,692

5. Revenue

	Group	
	2014	2013
	$'000	$'000
Sale of goods	43,913	35,511
Rental income	412	–
Other income	153	89
	44,478	35,600

6. Interest income

	Group	
	2014	2013
	$'000	$'000
Interest income	5	2

7. Other gains and (other losses)

	Group	
	2014 $'000	2013 $'000
Allowance for impairment on trade receivables	–	(5)
Allowance for impairment on inventories	(49)	(5)
Bad debts written off	(2)	–
Foreign exchange adjustment (losses) gains	(235)	176
Forward contract gains – transactions not qualifying as hedges	2	14
Reversal for impairment on trade receivables	87	–
Reversal for impairment on inventories	18	22
Inventories written down	–	(2)
Gains on disposal of property, plant and equipment	10,006	12
Other income	117	5
Net	9,944	217
Presented in profit or loss as:		
Other gains	10,230	229
Other losses	(286)	(12)
Net	9,944	217

8. Finance costs

	Group	
	2014 $'000	2013 $'000
Interest expense	828	602

9. Employee benefits expense

	Group	
	2014 $'000	2013 $'000
Short term employee benefits expense	3,806	3,240
Contributions to defined contribution plans	330	194
Other benefits	73	222
Total employee benefits expense	4,209	3,656

The employee benefits expense is charged as follows:

Cost of sales	844	710
Administrative expenses	3,365	2,946
	4,209	3,656

10. Other expenses

The major components include the following:	Group 2014 $'000	Group 2013 $'000
Marketing and distribution costs		
Commission expense	326	854
Entertainment expense	271	212
Administrative expenses		
Employee benefits expense (Note 9)	3,365	2,946

11. Income tax

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

	Group 2014 $'000	Group 2013 $'000
Current tax expense:		
Current tax expense	193	140
Over adjustments in respect of prior periods	(3)	(37)
Subtotal	190	103
Deferred tax (income) expense:		
Deferred tax expense	222	138
(Over) under adjustments in respect of prior periods	(413)	33
Subtotal	(191)	171
Total income tax (income) expense	(1)	274

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate where the parent is situated. 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% (2013: 17%) to profit or loss before income tax as a result of the following differences:

	Group 2014 $'000	Group 2013 $'000
Profit before tax	11,494	652
Income tax expense at the above rate	1,954	111
(Not liable to tax) not deductible items	(1,545)	163
Tax exemptions	(35)	(36)
Over adjustments to tax in respect of prior periods	(416)	(4)
Effect of different tax rates in different countries	41	40
Total income tax (income) expense	(1)	274

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

11. Income tax (cont'd)

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

	Group 2014 $'000	Group 2013 $'000
Excess of tax over book depreciation of plant and equipment	29	22
Tax loss carryforwards	(37)	149
Unutilised capital allowances carryforwards	(183)	–
Total deferred income tax (income) expense recognised in profit or loss	(191)	171

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

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
From deferred tax assets (liabilities) recognised in profit or loss:				
Excess of tax values over net book value of plant and equipment	68	72	–	–
Tax loss carryforwards	86	74	–	–
Unutilised capital allowances carryforwards	183	–	–	–
Net balance	337	146	–	–

It is impracticable to estimate the amount expected to be settled or used within one year.

Temporary differences arising from interests in subsidiaries are insignificant.

For the Singapore companies, the realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined. The tax loss carryforwards from Singapore companies amounted to $505,000.

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 $444,000 will expire in 2016 to 2018.

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

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

	Group 2014 $'000	Group 2013 $'000
Audit fees to the independent auditors of the company	79	83
Audit fees to the other independent auditors	23	21
Other fees to the independent auditors of the company	33	38
Other fees to the other independent auditors	2	2

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	
	2014 $'000	2013 $'000
Numerators: earnings attributable to equity:		
Continuing operations: attributable to equity holders	11,494	377

	2014 '000	2013 '000
Denominators: weighted average number of equity shares		
Basic	108,000	108,000
Diluted	108,000	108,000

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

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

14. Property, plant and equipment

Group	Freehold property $'000	Leasehold property and improvement $'000	Plant and equipment $'000	Total $'000
Cost:				
At 1 January 2013	555	9,387	4,714	14,656
Additions	–	226	641	867
Disposals	–	–	(160)	(160)
Reclassified as held for sale (Note 16)	–	(9,613)	–	(9,613)
Foreign exchange adjustments	(16)	–	(8)	(24)
At 31 December 2013	539	–	5,187	5,726
Additions	–	22,707	808	23,515
Disposals	–	–	(778)	(778)
Foreign exchange adjustments	(15)	–	–	(15)
At 31 December 2014	524	22,707	5,217	28,448
Accumulated depreciation:				
At 1 January 2013	30	529	2,600	3,159
Depreciation for the year	8	246	427	681
Disposals	–	–	(109)	(109)
Reclassified as held for sale (Note 16)	–	(775)	–	(775)
Foreign exchange adjustments	(2)	–	(28)	(30)
At 31 December 2013	36	–	2,890	2,926
Depreciation for the year	8	409	441	858
Disposals	–	–	(361)	(361)
Foreign exchange adjustments	(1)	–	(2)	(3)
At 31 December 2014	43	409	2,968	3,420
Net book value:				
At 1 January 2013	525	8,858	2,114	11,497
At 31 December 2013	503	–	2,297	2,800
At 31 December 2014	481	22,298	2,249	25,028

The depreciation expense is charged as follows:

	Group 2014 $'000	Group 2013 $'000
Cost of sales	637	465
Administrative expenses	221	216
Total	858	681

The group's freehold and leasehold properties are mortgaged to the banks for credit facilities and term loans as disclosed in Note 23.

Plant and equipment with a net book value of $132,000 (2013: $204,000) are registered in the names of the directors who hold the assets in trust for the group.

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

15. Investments in subsidiaries

	Company 2014 $'000	Company 2013 $'000
Balance at beginning and end of the year	11,210	11,210
Total cost comprising:		
Unquoted equity shares at cost	11,210	11,210
Total at cost	11,210	11,210
Analysis of above amount denominated in non-functional currency:		
Malaysian Ringgit	605	605

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 2014 $'000	Cost in books of company 2013 $'000	Effective percentage of equity held 2014 %	Effective percentage of equity held 2013 %
Held by the company				
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. [a] Malaysia Supplier of aluminium alloy products (Crowe Horwath Johor Bahru)	605	605	100	100
Soon Lian Corporation Pte. Ltd. Singapore Investment holding (RSM Chio Lim LLP)	2,161	2,161	99.5	99.5

Held through Soon Lian Corporation Pte. Ltd.	Percentage of equity held 2014 %	Percentage of equity held 2013 %
SL Metal (Shenzhen) Co., Ltd [a] People's Republic of China Supplier of aluminium alloy products (Shu Lun Pan Certified Public Accountants LLP)	100	100
SL Metal (Suzhou) Co., Ltd [a] People's Republic of China Supplier of aluminium alloy products (BDO China Shu Lun Pan CPAs LLP)	100	100

(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.

15. Investments in subsidiaries (cont'd)

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.

16. Assets held for sale under FRS 105

The leasehold property of the group was presented as held for sale as at the end of reporting year 2013, following the approval by the shareholders via an extraordinary general meeting held on 17 December 2013 to sell the property. The sale was completed in May 2014.

	Group	
	2014 $'000	2013 $'000
Assets held for sale:		
Net book value of leasehold property at 35 Tuas Avenue 2 (Note 14)	–	8,838

See Note 23B with respect to the related Term loan 3 and security.

17. Inventories

	Group	
	2014 $'000	2013 $'000
Finished goods and goods for resale	26,062	23,343

Inventories are stated after allowance.

Movements in allowance:		
Balance at beginning of the year	218	197
Charge (reversed) to profit or loss included in other losses (other gains)	31	(17)
Charge to profit or loss included in cost of sales	–	30
Foreign exchange adjustments	3	8
Balance at end of the year	252	218

The reversal of the allowance is for goods sold during the reporting year.

	Group	
	2014 $'000	2013 $'000
The write-downs of inventories charged to profit or loss included in other losses	–	2
Increase in inventories of finished goods	(2,719)	(4,835)
Purchase of inventories	35,927	31,012
The amount of inventories included in cost of sales	33,208	26,177

There are no inventories pledged as security for liabilities.

18. Trade and other receivables

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Trade receivables:				
Outside parties	13,364	10,526	–	–
Less allowance for impairment	(143)	(233)	–	–
Net trade receivables - subtotal	13,221	10,293	–	–
Other receivables:				
Subsidiaries (Note 3)	–	–	1,934	1,785
Income tax recoverable	2	60	–	–
Other receivables	145	150	–	–
Net other receivables - subtotal	147	210	1,934	1,785
Total trade and other receivables	13,368	10,503	1,934	1,785
Movements in above allowance:				
Balance at beginning of the year	233	4,002	–	–
(Reversal) charge for trade receivables to profit or loss included in (other gains) other losses	(87)	5	–	–
Bad debts written off	–	(3,774)	–	–
Foreign exchange adjustments	(3)	–	–	–
Balance at end of the year	143	233	–	–

19. Other assets

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Deposit and stamp duty paid for purchase of property[(a)]	–	2,790	–	–
Prepayments	132	110	13	39
	132	2,900	13	39

(a) A subsidiary received a letter of acceptance dated 23 October 2013 under the sale by tender documents dated 20 September 2013, as supplemented by a supplemental letter dated 21 October 2013, for the purchase of a property in Singapore for a purchase price of $21,501,001. As at the end of 31 December 2013, a deposit of $2,150,100 was paid.

The purchase was completed during the reporting year 2014.

20. Cash and cash equivalents

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Not restricted in use	6,466	2,704	70	30

The interest earning balances are not significant.

20. Cash and cash equivalents (cont'd)

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

	Group	
	2014 $'000	2013 $'000
Amount as shown above	6,466	2,704
Bank overdrafts (Note 23)	(25)	(933)
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the year	6,441	1,771

20B. Non-cash transactions:

There were acquisitions of plant and equipment with a total cost of $170,000 (2013: $60,000) acquired by means of finance leases.

21. Share capital

	Number of shares issued '000	Share capital $'000
Group and company		
Ordinary shares of no par value:		
Balance at beginning and end of the year 31 December 2013 and 31 December 2014	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 requirement except as mentioned below:

Capital management:

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

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

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

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

21. Share capital (cont'd)

The above externally imposed capital requirements have been complied with by the group for the reporting years ended 31 December 2014 and 2013.

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

	Group	
	2014 $'000	2013 $'000
Net debt:		
All current and non-current borrowings including finance leases	31,635	24,304
Less cash and cash equivalents	(6,466)	(2,704)
Net debt	25,169	21,600
Adjusted capital:		
Total equity	33,191	21,665
Adjusted capital	33,191	21,665
Debt-to-adjusted capital ratio	0.76	1.00

The favourable change as shown by the decrease in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the increase in retained earnings.

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

22. Other reserves

	Group	
	2014 $'000	2013 $'000
Statutory reserve (Note 22A)	225	206
Foreign currency translation reserve (Note 22B)	141	109
	366	315

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

22A. Statutory reserve

	Group	
	2014 $'000	2013 $'000
At beginning of the year	206	190
Transferred from profit or loss	19	16
At the end of the year	225	206

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

22. Other reserves (cont'd)

22B. Foreign currency translation reserve

	Group	
	2014 $'000	2013 $'000
At beginning of the year	109	(94)
Exchange differences on translating foreign operations	32	203
At the end of the year	141	109

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

23. Other financial liabilities

	Group	
	2014 $'000	2013 $'000
Non-current:		
Financial instruments with floating interest rates:		
Term loans (secured) (Note 23B)	14,285	237
Financial instruments with fixed interest rates:		
Finance leases (Note 23C)	69	64
Non-current	14,354	301
Current:		
Financial instruments with floating interest rates:		
Bank overdrafts (unsecured) (Note 23A)	25	933
Bank loans (unsecured) (Note 23A)	2,013	3,014
Term loans (secured) (Note 23B)	583	5,399
Term loans (unsecured) (Note 23B)	320	608
Financial instruments with fixed interest rates:		
Term loans (secured) (Note 23B)	–	750
Finance leases (Note 23C)	132	213
Current	3,073	10,917
Total	17,427	11,218
The non-current portion is repayable as follows:		
Due within 2 to 5 years	1,902	107
After 5 years	12,452	194
Total non-current portion	14,354	301

23. Other financial liabilities (cont'd)

The range of floating rate interest rates paid were as follows:

	2014	2013
Bank overdrafts (unsecured)	7.60% to 7.90%	7.60%
Bank loans (unsecured)	3.03% to 3.77%	2.69% to 3.77%
Term loans (secured)	1.94% to 6.90%	1.96% to 6.90%
Term loans (unsecured)	2.50% to 2.93%	2.50% to 2.84%

The range of fixed rate interest rates paid were as follows:

	2014	2013
Term loans (secured)	–	2.64%

23A. Bank loans and bank overdrafts

The bank loans are repayable in 1 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 subsidiary's leasehold property (Note 14); and

(b) Corporate guarantee from the company.

23B. Term loans

	Group	
	2014 $'000	**2013 $'000**
Term loan 1 (secured) [a]	14,637	–
Term loan 2 (secured) [b]	231	246
Term loan 3 (secured) [c]	–	5,390
Term loan 4 (unsecured) [d]	–	54
Term loan 5 (unsecured) [d]	–	68
Term loan 6 (secured) [e]	–	750
Term loan 7 (unsecured) [f]	320	486
	15,188	6,994

[a] Term loan 1 is repayable by 240 equal monthly instalments commencing May 2014.

[b] Term loan 2 is repayable by 240 equal monthly instalments commencing May 2006.

[c] Term loan 3 is repayable by 180 monthly instalments commencing October 2010.

Although the loan is for a period of 15 years from October 2010, it was classified as "current" because the subsidiary's leasehold property was classified as assets held for sale (Note 16). The sale was completed in May 2014 and the loan has been fully repaid in the reporting year 2014.

23. Other financial liabilities (cont'd)

23B. Term loans (cont'd)

(d) Term loans 4 and 5 are repayable by 36 monthly instalments commencing February 2011. The loans have been fully repaid in the reporting year 2014.

(e) Term loan 6 is repayable by 4 semi-annually instalments commencing January 2013. The loan has been fully repaid in the reporting year 2014.

(f) Term loan 7 is repayable by 36 monthly instalments commencing December 2013.

Although term loan 7 is for a period of 3 years from December 2013, 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.

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 14);

(b) Corporate guarantee from the company; or

(c) Joint and several personal guarantees of certain directors of the group.

23C. Finance leases

Group	Minimum payments $'000	Finance charges $'000	Present value $'000
2014			
Minimum lease payments payable:			
Due within one year	137	(5)	132
Due within 2 to 5 years	72	(3)	69
Total	209	(8)	201
Net book value of plant and equipment under finance leases			767
2013			
Minimum lease payments payable:			
Due within one year	226	(13)	213
Due within 2 to 5 years	68	(4)	64
Total	294	(17)	277
Net book value of plant and equipment under finance leases			891

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.

23. Other financial liabilities (cont'd)

23C. Finance leases (cont'd)

Other details are as follows:

	2014	2013
Average lease term, in years	1 to 3	3
Fixed borrowing rates per year	1.55% to 2.88%	1.68% to 2.99%

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 2.88% (2013: 1.68% to 2.99%) applicable to similar finance leases.

24. Trade and other payables

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade payables:				
Outside parties and accrued liabilities	6,261	4,961	579	399
Bills payables to banks [a]	14,208	13,086	–	–
Trade payables – subtotal	20,469	18,047	579	399
Other payables:				
Other payables	222	209	1	5
Subsidiary (Note 3)	–	–	497	628
Other payables – subtotal	222	209	498	633
Total trade and other payables	20,691	18,256	1,077	1,032

[a] The range of floating interest rates was 1.99% to 6.01% (2013: 1.98% to 6.01%) per annum.

25. Derivatives financial instruments

	Group	
	2014 $'000	2013 $'000
Liabilities not designated as hedging instruments:		
Forward foreign exchange contracts	2	14
The movements during the year were as follows:		
Balance at the beginning of the year	14	2
Settlements	(14)	(2)
Gains recognised in profit or loss under other gains	2	14
Total net balance at end of the year	2	14

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

25. Derivatives financial instruments (cont'd)

Foreign currency exchange contracts

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.

	Principal $'000	Reference currency	Maturity	Fair value $'000
2014				
Foreign currency option	100 – 200	USD	22 April 2015	2
				2
2013				
Foreign currency option	100 – 200	USD	12 February 2014	1
Foreign currency option	100 – 200	USD	18 March 2014	1
Foreign currency option	100 – 200	USD	11 March 2014	– *
Foreign currency option	100 – 200	USD	16 April 2014	2
Foreign currency option	100 – 200	USD	17 January 2014	1
Foreign currency option	100 – 200	USD	12 February 2014	3
Foreign exchange forward contract	200	USD	9 May 2014	3
Foreign exchange forward contract	150	USD	20 May 2014	2
Foreign exchange forward contract	150	USD	11 June 2014	1
				14

* Amount less than $1,000

Currency derivatives are utilised to hedge significant future transactions and cash flows. The entity is party to a variety of foreign currency forward 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 is included in other receivables.

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.

26. Financial instruments: information on financial risks

26A. Classification of financial assets and liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Financial assets:				
Cash and cash equivalents	6,466	2,704	70	30
Financial assets of fair value through profit or loss (included in other receivables)	2	14	–	–
Loans and receivables	13,364	10,429	1,934	1,785
At end of the year	19,832	13,147	2,004	1,815
Financial liabilities:				
Other financial liabilities measured at amortised cost	17,427	11,218	–	–
Trade and other payables measured at amortised cost	20,691	18,256	1,077	1,032
At end of the year	38,118	29,474	1,077	1,032

Further quantitative disclosures are included throughout these financial statements.

There are no significant fair value measurements recognised in the statement of financial position.

26B. 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.

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.

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

26B. 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.

26C. 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.

26D. 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.

Note 20 discloses the maturity of the cash and cash equivalents balances.

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

26D. Credit risk on financial assets (cont'd)

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 90 days (2013: 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	
	2014 $'000	2013 $'000
Trade receivables:		
Less than 30 days	2,576	1,911
31 to 60 days	1,694	2,717
Over 60 days	58	13
Total	4,328	4,641

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

	Group	
	2014 $'000	2013 $'000
Trade receivables:		
Over 180 days	143	233
Total	143	233

The allowance which is disclosed in the note on trade receivables is based on individual accounts totalling $143,000 (2013: $233,000) 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 the reporting year:

	Group	
	2014 $'000	2013 $'000
Top 1 customer	4,574	2,180
Top 2 customers	5,318	3,233
Top 3 customers	5,968	3,935

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

26E. 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:				
2014:				
Gross borrowing commitments	2,979	1,974	15,959	20,912
Gross finance lease obligations	137	72	–	209
Trade and other payables	20,691	–	–	20,691
At end of the year	23,807	2,046	15,959	41,812
2013:				
Gross borrowing commitments	11,469	58	278	11,805
Gross finance lease obligations	226	68	–	294
Trade and other payables	18,256	–	–	18,256
At end of the year	29,951	126	278	30,355

Company	Less than 1 year 2014 $'000	Less than 1 year 2013 $'000
Non-derivative financial liabilities:		
Trade and other payables	1,077	1,032
At end of the year	1,077	1,032

Group	Less than 1 year $'000
Derivative financial liabilities:	
2014:	
Gross settled:	
Foreign currency forward contracts	133
At end of the year	133
2013:	
Gross settled:	
Foreign currency forward contracts	2,325
At end of the year	2,325

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

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

26E. Liquidity risk – financial liabilities maturity analysis (cont'd)

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 (2013: 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 financial guarantee contracts the maximum earliest period in which the guarantee amount can be claimed by the other party is used. 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
2014:				
Bank guarantee in favour of a subsidiary (Note 3)	17,281	1,902	12,452	31,635
At end of the year	17,281	1,902	12,452	31,635
2013:				
Bank guarantee in favour of a subsidiary (Note 3)	24,151	43	194	24,388
At end of the year	24,151	43	194	24,388

Bank facilities:

	Group 2014 $'000	Group 2013 $'000
Undrawn borrowing facilities	28,964	36,152

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.

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

26F. Interest rate risk

The interest rate risk exposure is from changes in fixed rate 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	
	2014 $'000	2013 $'000
Financial liabilities with interest:		
Fixed rates	201	1,027
Floating rates	31,434	23,277
Total at end of the year	31,635	24,304

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: The effect on pre-tax profit is not significant.

26G. Foreign currency risks

Analysis of amounts denominated in currencies other than Singapore Dollars:

Group 2014:	US dollars $'000	China RMB $'000	Malaysian Ringgit $'000	Total $'000
Financial assets:				
Cash	762	1,456	298	2,516
Loans and receivables	1,649	2,924	735	5,308
Total financial assets	2,411	4,380	1,033	7,824
Financial liabilities:				
Other financial liabilities	–	–	231	231
Trade and other payables	17,768	293	322	18,383
Total financial liabilities	17,768	293	553	18,614
Net financial assets (liabilities) at end of the year	(15,357)	4,087	480	(10,790)

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

26G. Foreign currency risks (cont'd)

Group 2013:	US dollars $'000	China RMB $'000	Malaysian Ringgit $'000	Total $'000
Financial assets:				
Cash	796	1,122	193	2,111
Loans and receivables	2,330	1,966	477	4,773
Total financial assets	3,126	3,088	670	6,884
Financial liabilities:				
Other financial liabilities	–	–	10	10
Trade and other payables	14,714	1,918	108	16,740
Total financial liabilities	14,714	1,918	118	16,750
Net financial assets (liabilities) at end of the year	(11,588)	1,170	552	(9,866)

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

Sensitivity analysis:

	Group 2014 $'000	Group 2013 $'000
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the US$ with all other variables held constant would have a favourable effect on profit before tax of	1,536	1,159

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 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 an increase in foreign currency rates sensitivity for the current reporting year mainly due to the increase in foreign currency liabilities.

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

27. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2014 $'000	2013 $'000
Commitments to purchase a property (Note 19)	–	19,351

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	
	2014 $'000	2013 $'000
Not later than one year	471	332
Later than one year and not later than five years	1,376	820
Later than five years	9,344	3,585
Rental income for the year	517	354

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	
	2014 $'000	2013 $'000
Not later than one year	504	–
Later than one year and not later than five years	882	–
Rental income for the year	412	–

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. Changes and adoption of financial reporting standards

For the current reporting year the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 27	Consolidated and Separate Financial Statements (Amendments to)
FRS 27	Separate Financial Statements (Revised)
FRS 28	Investments in Associates and Joint Ventures (Revised) (*)
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill) (*)
FRS 39	Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting (*)
FRS 110	Consolidated Financial Statements
FRS 110	Amendments to FRS 110, FRS 111 and FRS 112
FRS 111	Joint Arrangements (*)
FRS 112	Disclosure of Interests in Other Entities (*)
INT FRS 121	Levies (*)

(*) Not relevant to the entity.

31. Future changes in financial reporting standards

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the 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.

FRS No.	Title	Effective date for periods beginning on or after
FRS 19	Amendments To FRS 19: Defined Benefit Plans: Employee Contributions	1 Jul 2014
	Improvements to FRSs (Issued in January 2014). Relating to FRS 102 Share-based Payment (*) FRS 103 Business Combinations (*) FRS 108 Operating Segments FRS 16 Property, Plant and Equipment FRS 24 Related Party Disclosures FRS 38 Intangible Assets (*)	1 Jul 2014
	Improvements to FRSs (Issued in February 2014). Relating to FRS 103 Business Combinations (*) FRS 113 Fair Value Measurement FRS 40 Investment Property (*)	1 Jul 2014
FRS 1	Amendments to FRS 1: Disclosure Initiative	1 Jan 2016
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 Jan 2016
FRS 16, FRS 41	Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants (*)	1 Jan 2016
FRS 27	Amendments to FRS 27: Equity Method in Separate Financial Statements (*)	1 Jan 2016
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (*)	1 Jan 2016
FRS 110, FRS 112, FRS 28	Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception	1 Jan 2016
FRS 111	Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations (*)	1 Jan 2016
FRS 114	Regulatory Deferral Accounts (*)	1 Jan 2016
Various	Improvements to FRSs (November 2014)	1 Jan 2016
FRS 115	Revenue from Contracts with Customers	1 Jan 2017
FRS 109	Financial Instruments	1 Jan 2018

(*) Not relevant to the entity.

PROPERTIES OF THE GROUP

Year ended 31 December 2014

Location	Description	Existing use	Tenure of land
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 19 March 2015

Issued and fully paid share capital	:	SGD 11,859,000
Number of shares	:	108,000,000
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	10	2.43	10,000	0.01
1,001 - 10,000	261	63.35	1,415,000	1.31
10,001 - 1,000,000	131	31.79	15,117,000	14.00
1,000,001 and above	10	2.43	91,458,000	84.68
Total	**412**	**100.00**	**108,000,000**	**100.00**

Shareholding held by the public

Based on the information available to the Company as at 19 March 2015, approximately 27.44% the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual Section B: Rules of Catalist issued by the Singapore Exchange Securities Trading Limited 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	2G Capital Pte Ltd	5,000,000	4.63
3	Phillip Securities Pte Ltd	3,707,000	3.43
4	Maybank Kim Eng Securities Pte Ltd	2,255,000	2.09
5	Sia Ling Sing	1,665,000	1.54
6	Ng Kim Ying	1,600,000	1.48
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	Ng Chwee Cheng	903,000	0.84
15	Kuah Kian Hoe	764,000	0.71
16	Wa Kok Liang	763,000	0.71
17	Ang De Yu	600,000	0.56
18	Lim Bok Teck	455,000	0.42
19	Sok Hang Chaw	450,000	0.42
20	Tan Lay Peng	400,000	0.37
Total		**98,788,000**	**91.48**

STATISTICS OF **SHAREHOLDINGS**

As at 19 March 2015

SUBSTANTIAL SHAREHOLDERS

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

Notes:

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

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

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2015 Annual General Meeting of the shareholders of Soon Lian Holdings Limited ("the Company") will be held at 9 Tuas Avenue 2 Singapore 639449 on Friday, 24 April 2015 at 9.30 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

1. To receive and consider the audited financial statements of the Company and its subsidiaries, and the Reports of the Directors and Auditors for the year ended 31 December 2014. **Resolution 1**

2. To declare a final exempt (one-tier) dividend of 1.00 cent per ordinary share for the year ended 31 December 2014. **Resolution 2**

3. To re-elect the following director retiring pursuant to the Company's Articles of Association: **Resolution 3**

   Mr Tan Yee Ho (Article 104)
   [See Explanatory Note (i)]

4. To re-elect the following director retiring pursuant to the Company's Articles of Association: **Resolution 4**

   Mr Tan Yee Leong (Article 104)
   [See Explanatory Note (i)]

5. To approve the Directors' fees of $225,000 for the year ended 31 December 2014. (FY2013: $85,000) **Resolution 5**

6. To re-appoint Messrs RSM Chio Lim LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

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

7. **Proposed Share Issue Mandate** **Resolution 7**

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

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

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

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

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

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) 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; 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 Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; 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)]

8. To transact any other business which may be properly transacted at an 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 "Directors' Report" of the Company's Annual Report 2014.

(Ii) The proposed Resolution 7 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.

NOTICE IS HEREBY GIVEN that, subject to the Company's shareholders' approval of the payment of dividend at the 2015 Annual General Meeting, the Register of Members and Share Transfer Books of Soon Lian Holdings Limited (the "Company") will be closed on 8 May 2015 for purpose of determining members' entitlements to the final exempt (one-tier) dividend of 1.00 cent per ordinary share (the "Dividend") to be paid on 28 May 2015.

Duly completed transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services at 80 Robinson Road #02-00 Singapore 068898 up to the close of business at 5.00 p.m. on 7 May 2015 will be registered to determine members' entitlements to the Dividend.

Members whose Securities Accounts with The Central Depository (Pte) Limited ("CDP") are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 7 May 2015 will be entitled to the Dividend.

In respect of shares in Securities Accounts with CDP, the Dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlements to such holders of shares in accordance with its practice.

BY ORDER OF THE BOARD

Ng Kim Ying
Company Secretary

Singapore

Date: 8 April 2015

Notes:

a) A member entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company. Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

b) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 9 Tuas Avenue 2 Singapore 639449, not less than 48 hours before the meeting.

c) If the member is a corporation, the instrument appointing the proxy must be under seal or the hand of an officer or attorney duly authorised in writting.

d) In the case of joint shareholders, all holders must sign the form of proxy.

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, Canaccord Genuity Singapore Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). 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 Karen Soh, Managing Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 68546160.

SOON LIAN HOLDINGS LIMITED

Registration No. 200416295G
(Incorporated in Singapore)

IMPORTANT

1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. The Proxy form is, therefore, 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.

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 and if necessary, to demand a poll at the 2015 Annual General Meeting of the Company to be held on Friday, 24 April 2015 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	Reports of the Directors and Auditors and Audited Financial Statements for the year ended 31 December 2014		
2	Declaration of a final exempt (one-tier) dividend of 1.00 cent per ordinary share for the year ended 31 December 2014		
3	Re-election of Mr Tan Yee Ho as Director of the Company		
4	Re-election of Mr Tan Yee Leong as Director of the Company		
5	Approval of Directors' fees for the year ended 31 December 2014		
6	Re-appointment of RSM Chio Lim LLP as Auditors of the Company		
7	Proposed Share Issue Mandate		

Signed this __________ day of __________________ 2015

Total number of shares held	

____

Signature or Common Seal of shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy.

4. 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 either under its common seal or under the hand of its attorney or duly authorised officer.

5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Cap. 50.

6. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 9 Tuas Avenue 2 Singapore 639449 not later than 48 hours before the time set for the Annual General Meeting.

7. 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 48 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 accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 April 2015.

SOON LIAN
HOLDINGS LIMITED
順聯控股有限公司

SINGAPORE • CHINA • MALAYSIA

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