www.soonlian.com

SOON LIAN
HOLDINGS LIMITED
順聯控股有限公司

Company registration no. 200416295G

Soon Lian Holdings Limited
45 Joo Koon Circle Singapore 629106
Telephone: +(65) 6261 8888
Facsimile: +(65) 6863 6888
Email: sales@soonlian.com

cre8 Tel: (65) 63278398

SOON LIAN

HOLDINGS LIMITED

順 聯 控 股 有 限 公 司

Annual Report 2007

Contents

About Us

Listed on the SGX Sesdaq on 13 December 2007, Soon Lian Holdings Limited is a specialist supplier of aluminium alloy products with an established track record of more than 20 years. We supply a comprehensive range of over 1,200 different aluminium alloy products in a wide spectrum of specifications and dimensions, mainly to the marine and precision engineering industries, with sales to these niche markets accounting for approximately 76.8% of our revenue in FY 2007. We also supply our products to other aluminium stockists and traders, as well as customers in other industries.

Equipped with a unique CNC (Computer Numerical Control) underwater plasma cutting system and CNC high precision saws, we are able to cut the aluminium alloy products to various forms and dimensional specifications required by our customers.

We source our inventories of aluminium alloy products from reputable suppliers in countries such as Canada, India, Indonesia, PRC, Singapore, South Africa and USA. Our major suppliers such as Alcoa and Alcan are amongst the largest manufacturers of aluminium alloy products in the world.

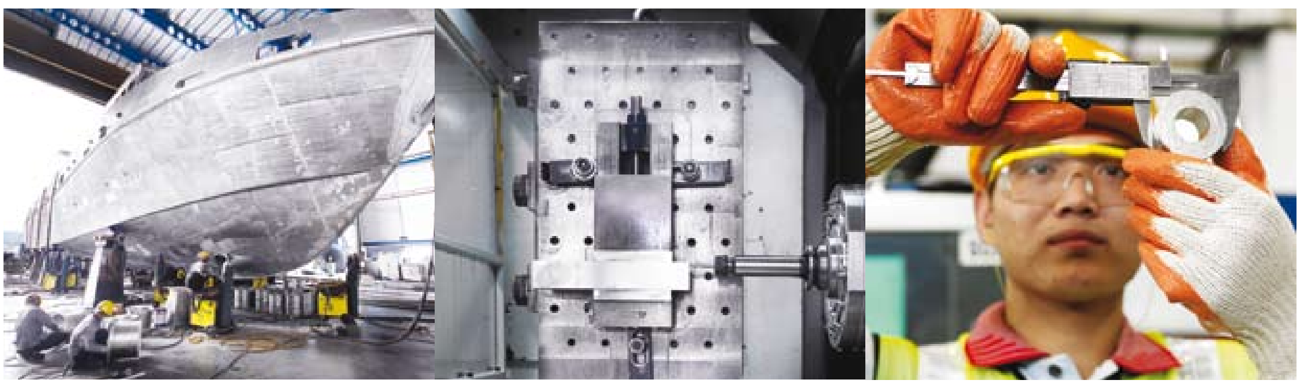
Over the years, we have built a diversified clientele with over 1,000 customers in more than 15 countries, including Australia, Hong Kong, India, Indonesia, Malaysia, Philippines, PRC, Singapore, South Korea, Thailand, UAE and Vietnam.

As an endorsement of our quality management system, we were awarded the BS EN ISO 9001:2000, EN ISO 9001:2000 and ISO 9001:2000 certifications in April 2002.

Most recently, we were named Enterprise 50 Award Winner 2007 by Accenture and The Business Times on 23 November 2007. This accolade is a clear recognition of our growth and regionalization efforts made over the years.

OUR BUSINESS

Soon Lian caters directly to the thriving marine and precision engineering industries.



Industries	Uses	Properties Required for Applications
Marine	Used in shipbuilding - hulls, decks, superstructures and cabins of light crafts such as catamarans, pleasure crafts, patrol boats, as well as crew boats and rescue boats used in offshore oil and gas industry	• Light weight • High strength • Corrosion resistant • Fire resistant
Precision Engineering	Precision parts for electronic equipment, precision instruments, medical instrumentation, semiconductor equipment, automated assembly lines, pharmaceutical machinery and robotics	• Corrosion resistant • Machinability • Stability
Others	High strength items in aircraft industries, oil tankers, automotive parts, rail coaches, truck frames, bridges and towers	• Good machining characteristics • Weldability • Formability

LETTER TO SHAREHOLDERS

Company recorded revenue of $44.2 million in 2007, which represented a 42.7% increase over 2006

Dear Shareholders

It is with great pleasure that I present to you Soon Lian Holdings Limited's (the "Group") maiden annual report. On behalf of the Board of Directors, I am pleased to welcome all of you as our valued shareholders.

The year 2007 was an eventful year for the Group. We achieved two significant milestones this financial year. Besides our successful listing on the Singapore Exchange, we also achieved the Enterprise 50 Award, a prestigious award that signifies entrepreneurial excellence.

For our initial public offering ("IPO"), we successfully placed out 27 million shares at S$0.21 each, raising total net proceeds of approximately S$4.4 million. The IPO attracted strong interest from institutional and retail investors, and was approximately 7.2 times subscribed. We view this as a vote of confidence in our strong fundamentals, prospects and growth strategy and would like to thank all of you for choosing to invest in Soon Lian.

Our Heritage

The origins of the Group can be traced back to 1983, when our founder Mr Tan Soon Tien commenced operations with a seven-man operation, supplying common grade aluminium alloy and stainless steel products to machine shops and construction companies in Singapore.

LETTER TO SHAREHOLDERS

Under the stewardship of a committed and experienced management team, the Group has grown rapidly over the past 20 years to become a reputable supplier of aluminium alloy products. Today, the Group supplies more than 1,200 aluminium alloy products to over 1,000 customers in more than 15 countries in Asia, Australia and the Middle East. Our major suppliers include globally-renowned players such as Alcoa and Alcan, both of which have been our principals for over 10 years. We are also the exclusive distributor of Merrem in Singapore, Indonesia, Malaysia, Thailand and Philippines. Our products cater mainly to the marine and precision engineering industries.

Financial Overview

Soon Lian had an excellent FY2007. Capitalising on the boom in the marine industry and increased sales to stockists and traders, Group revenue soared to S$44.2 million in FY2007, a 42.7% jump over 2006. Revenue from the marine industry grew by S$8.5 million or 62% from S$13.8 million in FY 2006 to S$22.3 million in FY 2007 as we continued to capitalize on the sustained growth of the marine industry in Asia and the Middle East. Net profit after tax jumped by 122.6% to reach S$7.2 million. Basic earnings per share reached 8.79 cents, representing a growth of 119% over 2006.

Strategy & Outlook

Our listing on the Singapore Exchange is undoubtedly an important milestone in our corporate history. The infusion of additional capital will enable the Group to further strengthen our regional presence via a heightened regional profile and a wider product offering. Of the approximately S$4.4 million raised, S$2.0 million has been earmarked for increasing product range and expansion of our warehousing capacity; S$0.7 million for extending our reach in Malaysia and establishing a presence in Indonesia, Vietnam and UAE while the balance will be utilised as general working capital.

The Group has identified potential in markets such as Malaysia, Indonesia, Vietnam and UAE and will intensify our business development activities in these markets by participating actively in trade shows and other marketing/promotional activities. Just recently in October 2007, we established a presence in Penang to enhance responsiveness to customers in the northern part of Malaysia. In the meantime, we are also expending resources to explore the feasibility of establishing a presence in Indonesia, Vietnam and UAE. However, as we seek to grow our footprint, we will maintain a prudent approach to ensure viability.

In line with our goals of expanding into new geographical markets and garnering greater share in existing markets, we intend to increase our product range to better meet our customers' requirements. The Group also plans to expand our warehousing capacity.

At Soon Lian, we cater primarily to the marine and the precision engineering industries. These two sectors, we believe, presents us with vast opportunities. To meet the needs of these sectors, we will continue to secure new distributorships for trademarked, patented, or new grades of products and expand our well-diversified supplier base to ensure a steady supply of suitable aluminium alloy products at the most competitive price.

In the current year, the Group expects demand for its aluminium alloy products will remain robust. With oil prices breaching unprecedented levels, the Group believes there are more opportunities for investments to pour into the exploration of oil and gas industries as well as the marine industry. This paves the way for steady growth in the marine sector for crew boats, life boats and ship builders. As our core product, aluminium, is a core metal used in building high-speed vessels, we are optimistic that we can capitalise on a projected uptrend in this segment.

Acknowledgements

With a clearly defined strategy in place, we are ready to meet the challenges ahead and seize opportunities that will contribute towards enhancing long-term shareholder value. We trust that we will continue to have your unstinting support in coming years as we take the Company into its next level of growth. On behalf of the Board, I wish to sincerely convey our appreciation to our valued customers, business partners, management staff and investors for your support.

Tan Yee Chin
Chairman & CEO

致股东函

尊敬的各位股东：

大家好！我很荣幸地向你们提呈顺联控股有限公司（“本集团”）的首份年报。我谨代表董事会向我们的所有股东，表示热烈欢迎。

对于本集团来说，2007年可谓意义非凡，主要取决于我们在这一年中的两个具有里程碑意义的重大事件：一是本集团在新加坡股票交易所成功上市，一是本集团获颁新加坡“50家杰出企业奖”，后者是肯定企业家卓越表现的至高奖项。

在首次公开售股（“IPO”）中，我们成功地以每股0.21新元的价格配售了2,700万股的股票，募集资金净额共约440万新元。首次公开售股吸引了大量机构与个人投资者的兴趣，其认购额高达发行总额的7.2倍。这反应了投资者对本集团的发展前景及增长策略充满信心。谢谢各位做出投资顺联的明智选择。

本集团的历史

本集团的历史，最早可以追溯到1983年。公司创始人陳顺展先生，从那时起便开始经营由7人组成的小公司，主要供应普通铝合金及不锈钢产品给本地的机械厂及建筑公司。

本集团的管理团队忠心耿耿，且富有经验；在他们的管理下，本集团在过去20年间已迅速发展成为一家知名的铝合金产品供应商。今天，本集团向亚洲、澳洲及中东地区超过15个国家的1,000多家客户供应多达1,200多种铝合金产品。我们的主要供应商，包括世界著名的Alcoa公司和Alcan公司，我们作为該集团的经销商已达10多年之久。此外，我们还是Merrem在新加坡、印尼、马来西亚、泰国及菲律宾的独家经销商。我们的产品主要满足海事业及精密工程工业的需要 。

财务概况

2007财年，顺联业绩斐然。拜海事业繁荣和本集团对商家销售规模扩大所赐，本集团收入猛增至4,420万新元，同比增长42.7%；其中由于我们继续得益于亚洲及中东地区海事业的持续增长，本集团的海事业收入增加850万新元，从2006财年的1,380万新元提高到2007财年的2,230万新元，增幅高达62%。本集团税后利润净额飙升122.6%，达到720万新元；每股基本盈利则达到8.79分，为2006财年的1.19倍。

策略与前景

在新加坡的成功上市，无疑是本公司历史上的一个重要里程碑。额外注入的资金，将使本集团得以通过提高区域扩张力度、拓宽产品范围，增强自已的区域营销势力。在所募集的440万新元左右中，200万新元已用于增加产品系列和扩大仓储容量；70万新元用于开发马来西亚市场及在印尼、越南及阿拉伯联合酋长国设立办事处；其余资金用作一般营运资本。

目前，本集团已确定其在马来西亚、印尼、越南及阿拉伯联合酋长国等国市场的发展潜力，并将通过贸易

致股东函

展览及其他营销/促销活动，加大这些市场业务开发活动的力度。比如，2007年10月份，我们就在槟城设立一家办事处及货仓，以便对马来西亚北部地区客户的需求做出更快的反应。同时，本集团也将会探索在印尼、越南及阿拉伯联合酋长国设立公司的可行性。在我们寻求扩张的同时，我们也将始终坚持我们的谨慎作风，以确保本集团在此领域的实施潜能。

为实现进军新的区域市场及在现有市场上获得更大份额的双重目标，我们将丰富我们的产品系列，更好满足客户的要求；为此，本集团计划将现有的仓库容量再扩大。

在顺联，我们主要服务于海事和精密工程工业。我们相信，这两个行业给我们提供了巨大的机遇；为满足该行业的需求，我们将继续争取此类商标、专利产品和新产品的代理权，建立和发展多元化平衡的供应商群，确保以极具竞争力的价格稳定供应适用的铝合金产品。

在本年度，本集团预计市场对本集团铝合金产品的需求量仍将强劲。虽然油价已突破其历史高位，但本集团相信投资油气勘探业及海事业的机会将会更多，这将为海事业船员联络艇、救生艇及其他船舶建造业务的稳定成长铺平道路。铝合金是我们的核心产品，亦是建造高速船舶的核心金属材料；我们坚信，该行业突飞猛进的发展将会有利于我们的成长。

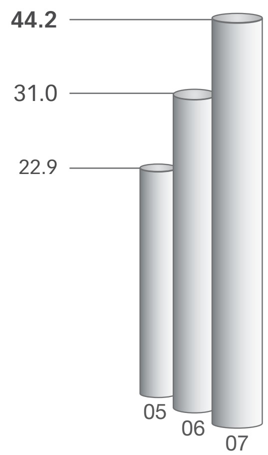
鸣谢

有了既定的策略目标，我们已为迎接未来的各种挑战并抓住有助于增加长期股东价值的各种机会做好准备。我们相信，在未来的岁月中，随着本集团步入下一个增长阶段，我们将能继续获得各位一如既往的鼎力支持。在此，我谨代表董事会，向我们尊贵的客户、业务伙伴、员工及投资者，表示我们最诚挚的谢意。谢谢你们的无私支持！

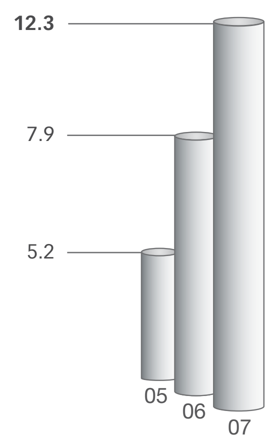
陳怡進
主席兼执行总裁

FINANCIAL HIGHLIGHTS

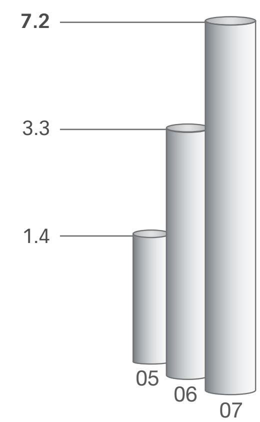
Revenue
S$'million



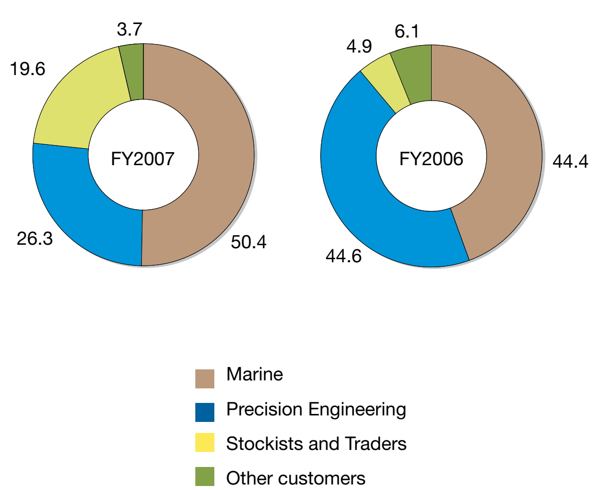
Gross Profit
S$'million



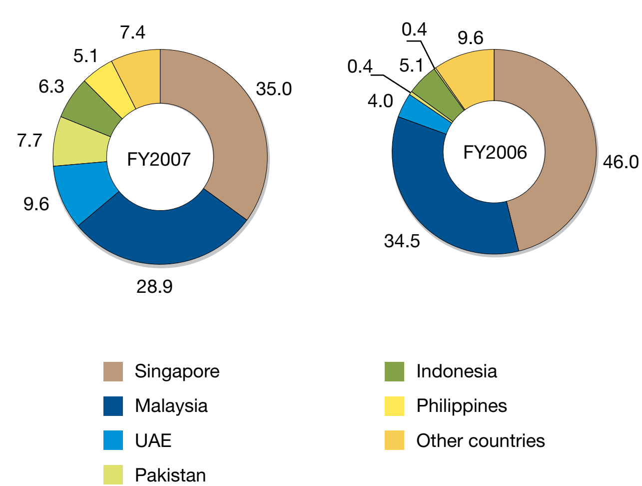
Profit After Tax
S$'million



Revenue by Market Segments (%)



Revenue by Geographical Market (%)



FINANCIAL HIGHLIGHTS

	Group	
	FY2007 (S$'000)	**FY2006 (S$'000)**
INCOME STATEMENT		
Revenue	44,238	31,011
Gross Profit	12,341	7,879
Profit before taxation	8,601	4,173
Taxation	(1,359)	(919)
Profit after taxation	7,242	3,254
Earnings per share (in cents)	8.79	4.0
BALANCE SHEET		
Assets		
Non-current assets	5,964	8,045
Current assets	43,079	25,336
Total Assets	**49,043**	**33,381**
EQUITY AND LIABILITIES		
Capital and reserves attributable to equity holders of Parent	15,050	8,114
Non-Current Liabilities	3,633	4,171
Current Liabilities	30,360	21,096
Total liabilities	33,993	25,267
Total Equity and Liabilities	49,043	33,381
Net Asset Value per share (in cents)	13.9	10.0

1ST DAY OF TRADING CEREMONY

Listed on SGX Sesdaq on 13 December 2007, the Group's initial public offering ("IPO") attracted strong interest from institutional investors.

The IPO comprised 27 million New Shares at S$0.21 per share, of which 1 million Shares were available to the public for subscription (the "Offer Shares") and 26 million shares by way of placement shares (the "Placement Shares").

As at the close of the public offer at 12 noon on 11 December 2007, there were 3,698 valid applications received for its 1 million Offer Shares made available to the public. In total, these applicants applied for an aggregate of 167,363,000 Offer Shares, with application monies received amounting to approximately S$35.1 million. Based on the total invitation size of 27 million New Shares and the total valid applications received for both the Offer Shares and Placement Shares, the IPO was approximately 7.2 times subscribed.

OPERATIONS REVIEW

Business Overview

We are a specialist supplier of over 1,200 different aluminium alloy products in various specifications, focusing on the marine and precision engineering industries. We also supply aluminium alloy products to other aluminium stockists and traders and customers in other industries. In addition, we also provide customisation services by employing several processing systems such as a unique CNC underwater plasma cutting systems, CNC high precision saws and fully automatic band saws which are able to cut the aluminium alloy products according to the dimensional specifications required by our customers. 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 aluminium alloy products to the required dimensions.

Marine

Our aluminium alloy products have a multiple range of properties required for marine applications and are sold mainly to shipbuilders for use in the hulls, decks, superstructures as well as 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 plates as they are resistant to corrosion by seawater. The superstructures of ships are usually built using aluminium extrusion products, such as rods, bars, tubes and extruded profiles, due to their high tensile strength.

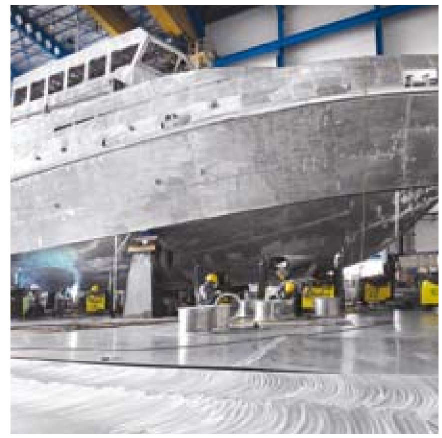
We also supply aluminium honeycomb products used in ship cabin interior fittings, such as partitions, cabinets and other cabin furniture. All our aluminium alloy products are accompanied by certificates issued by the manufacturers. For our aluminium alloy products used mainly for the marine sector, we also request for inspection certificates from independent certification bodies such as DNV, Lloyd's and ABS to ensure product quality.

Precision engineering

The aluminium alloy products that we supply to the precision engineering industry are machined or manufactured into components and parts that are assembled into precision instruments, equipment for semiconductor manufacturing and automated assembly lines. Apart from the variety of products offered, the products that we supply must meet the stringent quality specifications of our customers.

OPERATIONS REVIEW





Our wide range of quality aluminium alloy products are sourced from established manufacturers whose products have tight dimensional tolerance, do not distort during intricate machining operations, have good surface finishing, and could be easily cut, punched, drilled and machined using standard machining equipment.

Others

Apart from the marine and precision engineering industries, our diversified customer base also includes trading companies such as other aluminium alloy product stockists and companies involved in general trading activities, as well as general engineering companies, oil tanker manufacturers and construction companies. The different grades of aluminium alloy products that we supply are available in a variety of forms such as sheet, plate, rod, bar, tube, wire and extruded profiles and in a wide range of dimensions.

FY2007: An Overview

In the year under review, underpinned by a booming marine industry and strong demand for our aluminum alloy products, our Group continued to make tremendous progress in commanding stellar results and providing products and services that meet our customers' needs better. Our success for the year ultimately translates to more value for our shareholders as we forge towards the future.

During the year, the Group further improved operations and provide more value to customers by providing faster response times and better after sales service. Our stocking of renowned brands in the industry helped to provide value for customers by a wider choice of quality products.

As part of our strategy to extend the Group's geographical reach, we established our presence in Penang, Malaysia in October 2007. The new Penang office will facilitate better liaison with our customers and suppliers there and serves as a platform to increase our business development efforts in Malaysia.

FINANCIAL PERFORMANCE

Revenue

In FY2007, the Group's revenue rose from S$31.0 million in FY2006 to S$44.2 million, recording a growth of 42.7% or S$13.2 million. The increase was due mainly to increase in sales to customers from the marine industry, as well as from stockists and traders. Sales to the marine industry generated S$22.3 million of our revenue. Capitalising on the sustained growth of the marine industry in Asia and the Middle East, our recorded revenue for this segment reflects a 62% increase from FY2006's S$13.8 million.

OPERATIONS REVIEW

Revenue generated from stockists and traders, on the other hand, soared by S$7.1 million or 466.9% from S$1.5 million in FY2006 to S$8.7 million in FY2007. This was primarily due to the increase in demand from overseas stockists and traders.

Gross Profit

Gross profit increased by S$4.5 million or 56.6% from S$7.9 million in FY2006 to S$12.3 million in FY2007. This was due to higher revenue and generally higher gross profit margin.

Other Income

Other sources of income increased by S$1.3 million in FY2007 which consists of S$1.0 million in gains on disposal of a subsidiary's freehold properties and another S$0.3 million attributed by the increase in foreign exchange gain resulting from the depreciation of US dollars against the Singapore dollars.

Expenses

Finance costs increased by S$0.5 million in FY2007 due mainly to an increase in interest expense as a result of the higher utilisation of our trade financing facilities to finance the increase in our inventories procurement. Distribution costs increased by S$0.3 million in FY2007 due mainly to an increase in commission expenses paid to our sales agents. Administrative expenses increased by S$0.5 million due mainly to an increase in payroll expenses of S$0.2 million from the annual salary increments and an increase in other general administrative expenses of S$0.3 million to support the increase in our overall business activities.

Profit before Tax

The profit before tax increased by S$4.4 million in FY2007 due to the increase in revenue and generally higher gross profit margin.

Cash Flows

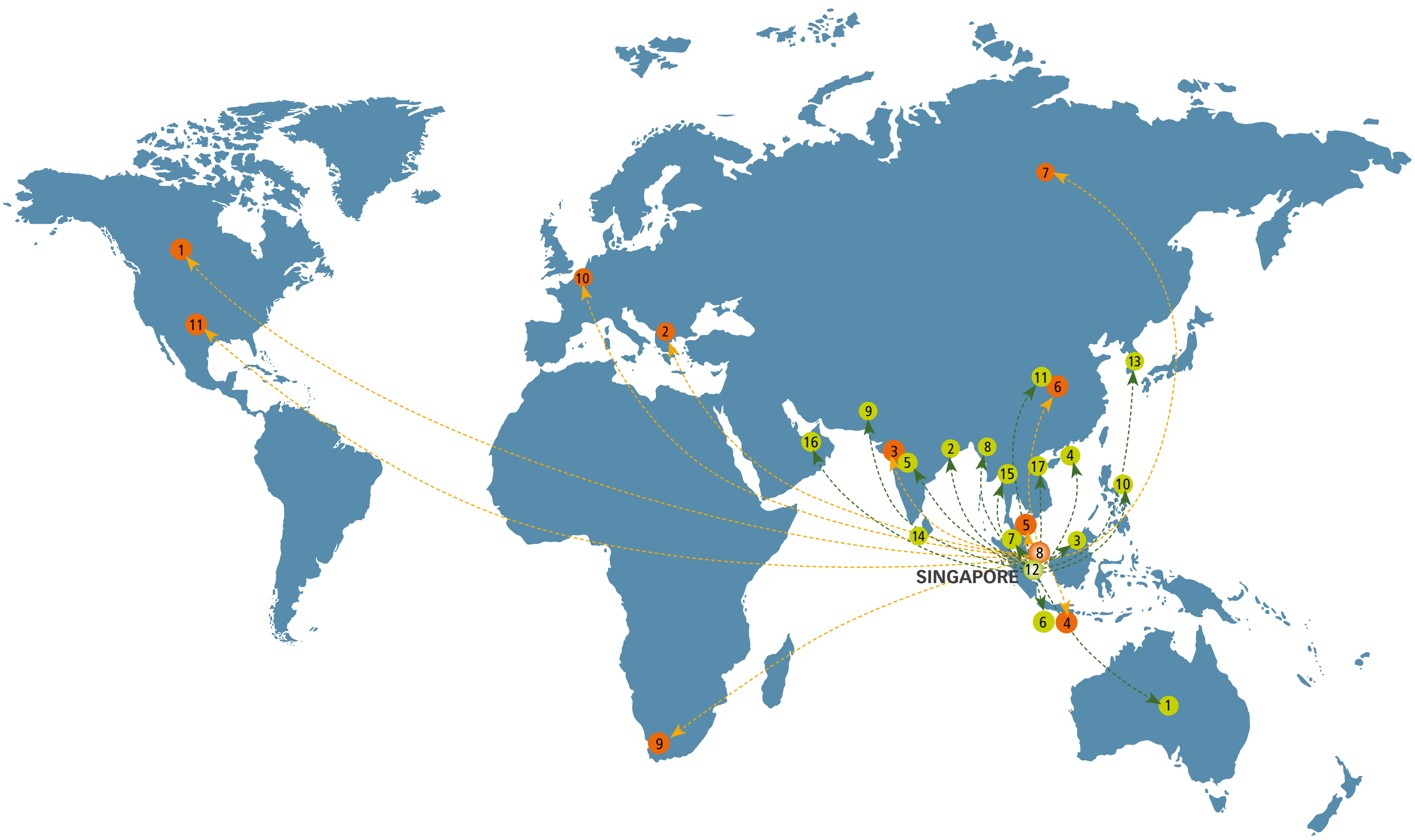
In FY2007, net cash generated from operating activities before working capital changes amounted to S$9.8 million. Net cash used in working capital amounted to S$5.2 million mainly due to the increase in inventories of S$7.9 million and an increase in trade and other receivables of S$3.4 million, partially offset by an increase in trade and other payables of S$6.1 million. We paid income tax of S$0.6 million in FY2007. Net Cash from financing activities amounted to S$1.9 million due mainly to the net proceeds of S$4.4 million received from IPO and the increase in short-term borrowings of S$1.5 million, partially offset by the repayment of bank borrowings of S$0.9 million and finance leases of S$0.2 million, interest expense of S$1.5 million and dividends of S$1.7 million.

Market Outlook

The Group expects the demand for its aluminium alloy products to remain positive in the coming year, buoyed by increasing activities in the oil and gas exploration and production and marine industry.

A significant portion of the IPO proceeds has been allocated for production facilities enhancement and geographical expansion, both in line with our development strategies. In October 2007, we extended our reach in Malaysia by establishing an office cum warehouse in Penang. We have identified Indonesia, Vietnam and the UAE as our new growth areas and are doing our due diligence exercise to assess the viability. The Group will continually strive to optimise our resources and further enhance efficiencies in processes and costs management. We will also continue to garner greater market share in existing markets. Against the current backdrop of the escalation of the US sub prime crisis and the US economy slowdown, we are aware of the increasing likelihood of slower global growth and its possible impact on our FY2008 performance. Barring any unforeseen circumstances, the Directors are confident that the Group will remain profitable in FY2008.

GEOGRAPHICAL FOOTPRINT



CUSTOMER BASE

1. Australia
2. Bangladesh
3. Brunei
4. Hong Kong
5. India
6. Indonesia
7. Malaysia
8. Myanmar
9. Pakistan
10. Philippines
11. PRC
12. Singapore
13. South Korea
14. Sri Lanka
15. Thailand
16. UAE
17. Vietnam

SUPPLIER BASE

1. Canada
2. Greece
3. India
4. Indonesia
5. Malaysia
6. PRC
7. Russia
8. Singapore
9. South Africa
10. The Netherlands
11. USA

Over 1,000 customers in more than 15 countries with reputable suppliers worldwide

Building **on Capabilities**

Established Track Record
Wide Product Range
Diversified Customer Base
Reliable suppliers
Experienced Management

BOARD OF DIRECTORS

1. Tan Yee Chin
2. Tan Yee Ho
3. Tan Yee Leong
4. Tan Siak Hee
5. Yap Kian Peng
6. Lee Sen Choon

BOARD OF DIRECTORS

Tan Yee Chin, Chairman and Chief Executive Officer

Tan Yee Chin, our Chairman and Chief Executive Officer, is responsible for the overall management, operations and the charting and reviewing of corporate directions and strategies of our Group. He has over 20 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 Chin received formal education up to GCE "O" Levels.

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, and business development initiatives. He has over 20 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 Ho received formal education up to GCE "O" Levels.

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. Tan Yee Leong received formal education up to GCE "O" Levels.

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 partner of Messrs Lee Seng Chan & Co., a public accounting firm in Singapore. He has more than 20 years of experience in accounting, audit, taxation and corporate secretarial work. Lee Sen Choon is the Joint Secretary of the Board of Directors of Singapore Chinese High School and a member of the Board of Governors of Hwa Chong Institution. He is also a member of the School Advisory Committee of Xingnan Primary School. Lee Sen Choon is a member of the Institute of Chartered Accountants in England and Wales, and a practising member of the Institute of Certified Public Accountants of Singapore. 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 23 years. Tan Siak Hee is a Commissioner for Oaths 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.

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 with interests in petrochemicals, food and beverage, logistics and manufacturing. In addition, since 2004, he has been the executive director of CKG Chemicals Pte Ltd and its subsidiary, CKG Chemicals (Hong Kong) Limited, 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) in 1996. He is an Independent Director and the Chairman of the Audit Committee of China Bearing (Singapore) Ltd., a company listed on the SGX-ST and also an Independent Director of Travelite Holdings Ltd., a company listed on the SGX Sesdaq.

EXECUTIVE OFFICERS


Ng Kim Ying


Tan Ee Hoon


Tan Ee Tin


Chow Tuck Fai

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 20 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 Limited, a company listed on the SGX-ST, from 1994 to 1998 where she oversees 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 member of the Institute of Certified Public Accountants of Singapore.

Tan Ee Hoon, our Operations and Administration Manager, is responsible for the import and export documentations, as well as human resource and administrative functions of our Group, a role that she discharges since joining us in 1984. In addition, she provides administrative support to the sales and procurement divisions. Tan Ee Hoon received formal education up to GCE "O" Levels.

Tan Ee Tin, our Purchasing Manager, assists our Executive Director, Tan Yee Leong, with our Group's procurement activities. She is responsible for liaising with our suppliers with respect to our Group's purchases of extrusion products. Tan Ee Tin joined our Group as a sales staff from 1984 to 1985. She rejoined our Group in 1988 and was responsible for the sales function of our Group. In 2002, she undertook her current role as Purchasing Manager. Tan Ee Tin received formal education up to GCE "O" Levels.

Chow Tuck Fai, our Regional Marketing Manager, is responsible for our export sales as well as business development activities in overseas markets. Chow Tuck Fai joined our Group in 1993 as a Sales Executive focusing mainly on sales to local customers. He was promoted to Assistant Sales Manager in 2000 with additional responsibility for our Group's overseas sales and business development activities. In 2003, he was promoted to Marketing Manager and was promoted to his current position in 2007. Prior to joining us in 1993, he was a partner of Uniceil Décor and Contractor, a renovation works contractor. He received formal education up to GCE "O" Levels and has a Certificate in Management awarded by the Singapore Institute of Management.

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
45 Joo Koon Circle
Singapore 629106
Tel +(65) 6261 8888
Fax +(65) 6862 6888
Website: www.soonlian.com

JOINT COMPANY SECRETARIES
Ng Kim Ying, CPA
Catherine Lim Siok Ching, ACIS, LLB (Hons) (London)

REGISTERED AND SHARE TRANSFER OFFICE
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
8 Cross Street #11-00
PWC Building
Singapore 048424

AUDITORS
RSM Chio Lim
Certified Public Accountants
(a member of RSM International)
18 Cross Street #08-01
Marsh & McLennan Centre
Singapore 048423

AUDIT PARTNER-IN-CHARGE
Mr Lim Lee Meng
Effective from year ended 31 December 2005

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 practices with reference to the Singapore Code of Corporate Governance (the "Code").

The Company is in the course of implementing further practices to comply more fully with the recommendation of the Code.

BOARD MATTERS

Principle 1: The Board's Conduct of its Affairs

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 management 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 various Boards supported by three sub-committees, namely a Nominating Committee ("NC"), a Remuneration Committee ("RC") and an Audit Committee ("AC"). Each Committee is empowered to make decisions on matters within its own defined terms of reference and operating procedures.

The Board meets on a regular basis, at least on a half yearly 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 arises.

Details of the Directors' attendances at Board Meetings and Board Committees between 13 Dec 2007 and the date of this report are set out below:

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

* By invitation

The matters requiring the Board's approval include, amongst others, major investments and divestments, material contracts, bank borrowings, major capital expenditure and major funding proposal.

New appointments to the Board will be briefed by 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. Directors are encouraged to constantly keep abreast of development in regulatory, legal and accounting frameworks that are of relevant to the Group through participation in seminars and workshops.

Principle 2: Board Composition and Guidance

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)

The NC recommends all appointments and retirements of directors. In addition, the NC also reviews annually the independence of each director. 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, taking into account the nature and scope of the Company's operations.

Together, the Board members possess a balanced field of core competencies such as accounting and finance, legal, business and management experience and the requisite industry knowledge to lead the Company.

Principle 3: Role of Chairman and CEO

The Chairman and Chief Executive Officer ("CEO") of the Company is Mr. 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 Mr. Tan Yee Chin does not have unfettered powers of decisions. The Board has also appointed Mr. Lee Sen Choon as Lead Independent Director to be an alternative source for shareholders and other directors to raise their concerns which contact through the normal channels of the Chairman has failed to resolve. The Board believes that there are adequate measures in place against an uneven concentration of power and authority in one individual to comply with the Code.

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 Management in constructive discussions over various matters, including strategic issues and business planning processes.

Principles 4 and 5: Board membership and performance

The Nominating Committee ("NC") comprises the following 3 members, all of whom are independent directors. The NC Chairman is not associated in any way with the 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 contribution of each director to the effectiveness of the Board; and

4) To review and approve any new employment of related persons and the proposed terms of their employment;

The NC will recommend a framework for the evaluation of the Board's and individual Director's performance for the approval of the Board. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-election as Director.

The Articles of Association of the Company requires one-third of the directors 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 ("AGM") of the Company in each year. Directors who retire are eligible to offer themselves for re-election.

The NC has reviewed the independence of each director for FY2007 and is satisfied that more than one-third of the Board comprises independent Directors.

Principle 6: Access to information

To enable the Board to fulfill its responsibility, Management strives to provide Board members with adequate information for Board 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 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.

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

Principle 7 - Procedures for Developing Remuneration Policies
Principle 8 - Level and Mix of Remuneration
Principle 9 - Disclosure of Remuneration

The Remuneration Committee ("RC") comprises the following 3 members, of whom all 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 that no director should be involved in deciding his own remuneration. It 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 on the framework of remuneration and the specific remuneration packages for Executive Directors, Chief Executive Officer and Executive Officers;

2) To review the remuneration packages of employees 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;

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.

Each member of the RC refrains from voting on any resolutions in respect of the assessment of his remuneration. No Director will be involved in determining his own remuneration.

The Company has entered into Service Agreements with the Executive Directors Tan Yee Chin, Tan Yee Ho and Tan Yee Leong dated 27 October 2007. Each Service Agreement is valid for an initial period of three years with effect from 1 January 2008. The remuneration of the Executive Directors is based on service agreements. The executive directors do not receive directors' fees. The independent directors receive directors' fees which are recommended by the Board for approval at the Company's AGM.

The Committee has full authority to engage any external professional advice on matters relating to remuneration as and when the need arises.

The breakdown (in percentage terms) of the remuneration of the Company for the financial year ended 31 December 2007 is set out below:

	Directors' Fees	Salary	Bonus	Allowances and Benefits in kind	Total
	%	%	%	%	%
Below S$250,000					
Tan Yee Chin	–	53	34	13	100
Tan Yee Ho	–	61	31	8	100
Tan Yee Leong	–	57	29	14	100
Lee Sen Choon	100	–	–	–	100
Tan Siak Hee	100	–	–	–	100
Yap Kian Peng	100	–	–	–	100

Remuneration Band of the top 4 key executives (who are not directors of the Company) for the year ended 31 December 2007 are as follows:

	Name of Executives
Below S$250,000	Ng Kim Ying
	Tan Ee Hoon (1)
	Tan Ee Tin (1)
	Chow Tuck Fai

(1) Tan Ee Hoon and Tan Ee Tin are the sisters of our Chairman and Chief Executive Officer, Tan Yee Chin and our Executive Directors, Tan Yee Ho and Tan Yee Leong, and each of their remuneration exceeded S$150,000 for FY2007.

Apart from the above, the Company does not have any employee whose remuneration exceeded S$150,000 for FY2007 who is an immediate family member of a director or substantial shareholder.

The aggregate remuneration (including CPF contributions and other benefits) of all directors and employees who are related to any director and/or substantial shareholders amounted to S$1.07 million for the financial year ended 31 December 2007.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

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 results announcements.

The management will provide all members of the Board with the necessary financial information, Board paper prior to any Board meeting to facilitate effective discussion and decision making.

Principle 11: Audit Committee

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, Mr. Lee Sen Choon, has more than 20 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 Audit Committee is to assist the Board with discharging its responsibility to safeguard the Company's assets, maintain adequate accounting records and develop and maintain 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 control, their letter to 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 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 Listing Manual;

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;

9) Any other functions and duties as may be required by statute or the Listing Manual;

The AC met with the external auditors without the presence of the Company's Management. It may also examine any other aspects of the Company's affairs, as it deems necessary where such matters relate to exposures or risks of regulatory or legal nature, and monitor the Company's compliance with its legal, regulatory and contractual obligations.

The Company will be implementing whistle-blowing procedures and arrangements by which staff may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters to the Audit Committee.

The AC has full access to 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 function.

The AC is responsible to conduct an annual review of the volume of non-audit services provided by the external auditors to ensure such services will not prejudice the independence and objectivity of the external auditors. No non-audit services were provided by the external auditors during the year. Having reviewed and satisfied that RSM Chio Lim is independent, the AC recommended the re-appointment of Messrs RSM Chio Lim as external auditors of the Company for the financial year ending 31 December 2008.

Principle 12: Internal Controls

The Board believes that, in the absence of any evidence to the contrary, the system of internal control maintained by the Company's management and that was in place throughout the financial year and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and management of business risks.

The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities.

Principle 13: Internal Audit

The Board had appointed Nexia TS Public Accounting Corporation as internal auditors of the Company to conduct a full internal audit of the Group for a period of 2 years. As at the date of this report, the review is still in progress.

The Internal Auditors report directly to the AC Chairman on internal audit matters and to senior management on administrative matters.

To ensure the adequacy of the internal audit function, the AC reviews and approves, on an annual basis, the internal audit plans and the resourcess required to adequately perform this function.

Principle 14: Communication with Shareholders
Principle 15: Greater Shareholder Participation

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

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 whereat 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.

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

DEALINGS IN SECURITIES

The Company has devised and adopted its own internal Code of Conduct on dealing in the securities of the Company. Under the Code, dealing in the Company's shares are prohibited during the period commencing one month prior to the announcement of the Company's half-year and full-year results and ending on the date of the announcements of the results. Directors and Officers are also prohibited from dealing in the securities when they are in possession of any unpublished material price-sensitive information of the Group.

INTERESTED PERSON TRANSACTIONS

The aggregate value of all interested persons transactions during the financial year (excluding transactions less than S$100,000) is as follows :

Name of Interested Persons	FY2007 S$'000	FY2006 S$'000
Soon Tien Investments Pte Ltd	3,000	–
Concentrate Engineering Pte Ltd	204	168

The Audit Committee will review all interested person transactions to be entered to ensure that the relevant rules under Chapter 9 of the SGX-ST Listing Manual are complied with.

MATERIAL CONTRACTS

Save as disclosed in Prospectus dated 3 December 2007 in connection with the listing of the Company, the Company and its subsidiaries did not enter into material contracts involving the interest of the Chairman and Chief Executive Officer or any director or controlling shareholders during the financial year ended 31 December 2007.

RISK MANAGEMENT

Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Group's policies and strategies.

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.

DISCLOSURE ON USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

On 13 December 2007, 27,000,000 new ordinary shares were issued pursuant to the initial public offering ("IPO") of the Company.

The net proceeds raised from the IPO of the Company (after deducting the IPO issue expenses in relation to the invitation, comprising listing fees, underwriting and placement commission, professional fees and other expenses of S$1.32 million) was S$4.35 million.

As at the date of this Report, the Company has utilized S$1.65 million of the net proceeds as general working capital of the Group.

DIRECTORS' REPORT

The directors of the company are pleased to present their report together with the audited financial statements of the company and group for the financial year ended 31 December 2007. Before 14 November 2007, the company was known as Soon Lian Holdings Pte. Ltd.

Pursuant to an invitation to subscribe for the company's shares by way of public offer and placement shares, the company was listed on SGX-ST Dealing and Automated Quotation System (SGX Sesdaq) on 13 December 2007. Details of the invitation can be found in the company's prospectus dated 3 December 2007.

1. Directors At Date Of Report

The directors of the company in office at the date of this report are:

Tan Yee Chin	
Tan Yee Ho	
Tan Yee Leong	
Lee Sen Choon	(Appointed on 31 October 2007)
Tan Siak Hee	(Appointed on 31 October 2007)
Yap Kian Peng	(Appointed on 31 October 2007)

2. Arrangements To Enable Directors To Acquire Benefits By Means Of The Acquisition Of Shares And Debentures

Neither at the end of the financial year nor at any time during the financial 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 financial year had no interests in the share capital of the company as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Cap. 50 except as follows:

	Direct Interest		Deemed Interest	
	At 1.1.07	At 31.12.07	At 1.1.07	At 31.12.07
Name of directors	**Number of shares of no par value**			
Tan Yee Chin	87,500	998,334	–	73,300,000
Tan Yee Ho	87,500	998,333	–	72,900,000
Tan Yee Leong	87,500	998,333	–	72,900,000

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2008.

4. Contractual Benefits Of Directors

Since the beginning of the financial 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 Companies Act, Cap 50, 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. Options To Take Up Unissued Shares

During the financial year, no option to take up unissued shares of the company or any corporation in the group was granted.

6. Options Exercised

During the financial year, there were no shares of the company or any corporation in the group issued by virtue of the exercise of an option to take up unissued shares.

DIRECTORS' REPORT

7. Unissued Shares Under Option

At the end of the financial year, there were no unissued shares of the company or any corporation in the group under option.

8. 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 Companies Act. Among others, it performed the following functions:

- Reviewed with the independent external auditors their audit plan;
- Reviewed with the independent external auditors their evaluation of the company's internal accounting control, and their report on the financial statements and the assistance given by the company's officers to them;
- Reviewed with the internal auditors the scope and results of the internal audit procedures;
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent auditors provide non-audit services.

The audit committee has recommended to the board of directors that the independent auditors, RSM Chio Lim, be nominated for re-appointment as independent auditors at the next annual general meeting of the company.

9. Independent Auditors

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

10. 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 27 February 2008, 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

29 February 2008

STATEMENT BY DIRECTORS

In the opinion of the directors, the accompanying financial statements are drawn up 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 2007 and of the results, changes in equity and cash flows of the group and the changes in equity of the company for the year ended on that date and 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.

On Behalf Of Directors

Tan Yee Chin
Director

Tan Yee Ho
Director

29 February 2008

AUDITORS' REPORT

to the Members of Soon Lian Holdings Limited

We have audited the accompanying financial statements of Soon Lian Holdings Limited and its subsidiaries (the group), which comprise the balance sheet of the group and the company as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement of the group, and statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 ("the Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Independent Auditors' 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 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 and fair presentation of the financial statements 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 directors, 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,

(a) the consolidated financial statements of the group and the balance sheet 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 2007 and the results, changes in equity and cash flows of the group and the changes in equity of the company for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the company and by the subsidiary incorporated in Singapore of which we are the independent auditors have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim
Certified Public Accountants
Singapore

29 February 2008

Partner-in-charge of audit: Lim Lee Meng
Effective from year ended: 31 December 2005

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2007

	Notes	Group 2007 S$'000	Group 2006 S$'000
Revenue	5	44,238	31,011
Cost of Sales		(31,897)	(23,132)
Gross Profit		12,341	7,879
Other Items of Income			
Other Credits	6	1,874	566
Other Items of Expense			
Distribution Costs		(791)	(446)
Administrative Expenses		(3,068)	(2,558)
Finance Costs	7	(1,534)	(979)
Other Charges	6	(221)	(289)
Profit Before Tax From Continuing Operations		8,601	4,173
Income Tax Expense	9	(1,359)	(919)
Profit From Continuing Operations, Net Of Tax		7,242	3,254
Earnings Per Share from Continuing Operations		**Cents**	**Cents**
Basic	12	8.79	4.00
Diluted	12	8.79	4.00
Dividends Paid Per Equity Share	11	110.0	60.0

The accompanying notes form an integral part of these financial statements

BALANCE SHEETS

As at 31 December 2007

	Notes	Group		Company	
		2007	2006	2007	2006
		$'000	$'000	$'000	$'000
ASSETS					
Non-Current Assets					
Property, Plant And Equipment	13	5,964	8,045	–	–
Investments In Subsidiaries	14	–	–	8,839	–
Total Non-Current Assets		5,964	8,045	8,839	–
Current Assets					
Inventories	15	21,796	13,853	–	–
Trade and Other Receivables, Current	16	14,288	10,935	91	207
Other Assets, Current	17	66	47	2	–
Cash and Cash Equivalents	18	6,929	501	3,448	150
Total Current Assets		43,079	25,336	3,541	357
Total Assets		49,043	33,381	12,380	357
EQUITY AND LIABILITIES					
Equity					
Share Capital	19	10,539	2,068	10,539	350
Retained Earnings / (Accumulated losses)		4,520	6,049	(112)	(8)
Other Reserves, Total		(9)	(3)	–	–
Equity, Attributable To Equity Holders Of Parent Total		15,050	8,114	10,427	342
Total Equity		15,050	8,114	10,427	342
Non-Current Liabilities					
Deferred Tax Liabilities	9	238	260	–	–
Finance Leases, Non-current	21	71	92	–	–
Other Financial Liabilities, Non-current	20	3,324	3,819	–	–
Total Non-Current Liabilities		3,633	4,171	–	–
Current Liabilities					
Income Tax Payable, Current		1,731	975	–	–
Trade and Other Payables, Current	22	22,169	15,884	1,953	15
Finance Leases, Current	21	113	198	–	–
Other Financial Liabilities, Current	20	6,347	4,039	–	–
Total Current Liabilities		30,360	21,096	1,953	15
Total Liabilities		33,993	25,267	1,953	15
Total Equity And Liabilities		49,043	33,381	12,380	357

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2007

	Capital $'000	Currency translation reserves $'000	Retained earnings $'000	Total equity $'000
Group:				
Current Year:				
Opening Balance at 1 January 2007	2,068	(3)	6,049	8,114
Effects of Restructuring Exercise	4,121	–	(7,121)	(3,000)
Total after Restructuring Exercise	6,189	(3)	(1,072)	5,114
Items of Income and Expense Recognised Directly in Equity:				
Exchange Differences on Translating Foreign Operations	–	(6)	–	(6)
Net Income Recognised Directly in Equity	–	(6)	–	(6)
Profit for the Year	–	–	7,242	7,242
Total Recognised Income and Expenses for the Year	–	(6)	7,242	7,236
Other Movements in Equity:				
Transactions With Equity Holders				
Issue of New Shares Pursuant to Initial Public Offering	5,670	–	–	5,670
Share Issue Expenses (a)	(1,320)	–	–	(1,320)
Dividends Paid (Note 11)	–	–	(1,650)	(1,650)
Total Other Movements in Equity	4,350	–	(1,650)	2,700
Closing Balance at 31 December 2007	10,539	(9)	4,520	15,050
Previous Year:				
Opening Balance at 1 January 2006	1,981	(4)	3,695	5,672
Items of Income and Expense Recognised Directly in Equity:				
Exchange Differences on Translating Foreign Operations	–	1	–	1
Net Income Recognised Directly in Equity	–	1	–	1
Profit for the Year	–	–	3,254	3,254
Increase in Share Capital in Subsidiaries	87	–	–	87
Total Recognised Income and Expenses for the Year	87	1	3,254	3,342
Other Movements in Equity:				
Transactions With Equity Holders				
Dividends Paid (Note 11)	–	–	(900)	(900)
Total Other Movements in Equity	–	–	(900)	(900)
Closing Balance at 31 December 2006	2,068	(3)	6,049	8,114

(a) Includes non-statutory audit fees of $220,000 to independent external auditors, in connection with the share issue exercise in 2007.

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2007

	Capital $'000	Accumulated losses $'000	Total equity $'000
Company:			
Current Year:			
Opening Balance at 1 January 2007	350	(8)	342
Issue of New Shares Pursuant to Restructuring Exercise	5,839	–	5,839
Total after Restructuring Exercise	6,189	(8)	6,181
Loss for the Year	–	(104)	(104)
Total Recognised Income and Expenses for the Year	–	(104)	(104)
Other Movements in Equity:			
Transactions With Equity Holders			
Issue of New Shares Pursuant to Initial Public Offering	5,670	–	5,670
Share Issue Expenses (a)	(1,320)	–	(1,320)
Total Other Movements in Equity	4,350	–	4,350
Closing Balance at 31 December 2007	10,539	(112)	10,427
Previous Year:			
Opening Balance at 1 January 2006	350	(4)	346
Loss for the Year	–	(4)	(4)
Total Recognised Income and Expenses for the Year	–	(4)	(4)
Closing Balance at 31 December 2006	350	(8)	342

(a) Includes non-statutory audit fees of $220,000 to independent external auditors, in connection with the share issue exercise in 2007.

The accompanying notes form an integral part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2007

	Group	
	2007	2006
	$'000	$'000
Cash Flows From Operating Activities		
Profit before Tax	8,601	4,173
Depreciation of Property, Plant and Equipment	488	449
Interest Expense	1,534	979
Forward Contract Losses: Transaction Not Qualifying as Hedges	154	115
(Gain)/Loss on Disposal of Property, Plant and Equipment	(1,024)	7
Operating Cash Flows before Changes in Working Capital	9,753	5,723
Inventories	(7,943)	(3,270)
Trade and Other Receivables, Current	(3,341)	(5,858)
Other Assets, Current	(19)	(11)
Trade and Other Payables, Current	6,131	7,219
Net Cash Flows from Operations Before Interest and Tax	4,581	3,803
Income Tax Paid	(636)	(314)
Net Cash Flows From Operating Activities	3,945	3,489
Cash flows From Investing Activities		
Disposal of Property, Plant and Equipment	80	300
Purchase of Property, Plant and Equipment (Note 13)	(350)	(1,098)
Net Cash Flows (Used in) Investing Activities	(270)	(798)
Cash Flows From Financing Activities		
Dividends paid to Equity Shareholders	(1,650)	(900)
Issue of Shares (IPO)	5,670	–
Proceeds from Shares Issued by Subsidiaries	–	87
Other Financial Liabilities, Non-Current	940	(792)
Finance Lease Repayments	(231)	(222)
Interest paid	(1,534)	(979)
Share Issue Expenses	(1,320)	–
Net Cash Flows From (Used in) financing activities	1,875	(2,806)
Net Effect of Exchange Rate Changes in Consolidating Subsidiaries	5	(3)
Net Increase (Decrease) in Cash and Cash Equivalents	5,555	(118)
Cash and Cash Equivalents, Cash Flow Statement, Beginning Balance	(1,110)	(992)
Cash and Cash Equivalents, Cash Flow Statement, Ending Balance (Note 18)	4,445	(1,110)

The accompanying notes form an integral part of these financial statements

1. General

The Company was incorporated on 18 December 2004 under the Companies Act, Cap. 50 as a private company limited by shares under the name "Soon Lian Pte. Ltd." On 30 December 2004, the company changed its name to "Soon Lian Holdings Pte. Ltd.". On 14 November 2007, the company changed its name to "Soon Lian Holdings Limited" in connection with its conversion to a public company limited by shares. The principal activity of the company is that of investment holding.

The financial statements are presented in Singapore dollars. They are drawn up in accordance with the provisions of the Companies Act, Cap. 50 and the Singapore Financial Reporting Standards ("FRS"). The company's financial statements have been prepared on the same basis and as permitted by the Companies Act, Cap. 50, no income statement is presented for the company.

The financial statements were approved and authorised for issue by the board of directors on 29 February 2008.

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

The principal activities of the subsidiaries are described in Note 14 below.

The registered office is: 45 Joo Koon Circle Singapore 629106. The company is domiciled in Singapore.

On 30 November 2007, the Company completed its restructuring exercise as set out in the company's prospectus dated 3 December 2007 (the "Restructuring Exercise") to rationalise the group's structure in preparation for the public listing of the company's shares on the Official List of the SGX-ST Dealing and Automated Quotation System (SGX Sesdaq). Refer to Note 28 for more details.

2. Summary Of Significant Accounting Policies

Accounting Convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") as issued by the Singapore Accounting Standards Council as well as all related Interpretations to FRS ("INT FRS") and the Companies Act, Cap. 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

Basis of Presentation

The consolidation accounting method is used for the consolidated financial statements that include the financial statements made up to the balance sheet date each year of the company and all of its directly and indirectly controlled subsidiaries. Consolidated financial statements are the financial statements of the group presented as those of a single economic entity. The consolidated financial statements 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 dividends, are eliminated in full on consolidation. The results of the investees acquired or disposed of during the financial year are accounted for from the respective dates of acquisition or up to the dates of disposal. On disposal the attributable amount of goodwill if any is included in the determination of the gain or loss on disposal.

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 period. 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.

2. Summary Of Significant Accounting Policies (Cont'd)

Revenue Recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the year arising from the course of the ordinary activities of the entity and it is shown net of sales related taxes, estimated returns, discounts and volume 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. Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term. Interest is recognised using the effective interest method. Dividends on equity instrument are recognised in profit or loss when the entity's right to receive payment is established.

Employee Benefits

Certain subsidiaries operate a defined contribution provident fund scheme, in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund are held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. Contributions are charged to the income statement in the period to which they relate. This plan is in addition to the contributions to government managed retirement benefit plans such as the Central Provident Fund in Singapore which specifies the employer's obligations which are dealt with as defined contribution retirement benefit plans. 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 base 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. Income tax expense represents the sum of the tax currently payable and deferred tax. Tax and deferred tax are recognised in the income statement except that when they relate to items that initially bypass the income statement and are taken to equity, in which case they are similarly taken to 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 balance sheet date 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 is not recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures because (a) the company is able to control the timing of the reversal of the temporary difference; and (b) it is probable that the temporary difference will not reverse in the foreseeable future.

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 balance sheet date, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the balance sheet and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in the income statement except when deferred in equity as qualifying cash flow hedges. The presentation is in the functional currency.

2. Summary Of Significant Accounting Policies (Cont'd)

Translation of Financial Statements of Foreign Entities

The foreign subsidiary determines the appropriate functional currency as it reflects the primary economic environment in which the entities operate. In translating the financial statements of a foreign entity for incorporation in the combined financial statements the assets and liabilities denominated in currencies other than the functional currency of the group are translated at year end rates of exchange and the income and expense items are translated at average rates of exchange for the year. The components of shareholders' equity are stated at historical rate. The resulting translation adjustments (if any) are accumulated in a separate component of equity until the disposal of the foreign entity.

Borrowing Costs

All borrowing costs that are interest and other costs incurred in connection with the borrowing of funds 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. Other borrowing costs are recognised as an expense in the period in which they are incurred. The interest expense is calculated using the effective interest rate method.

Property, Plant and Equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts 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 properties	–	1%
Leasehold property and improvement	–	over terms of lease which is approximately 2%
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 determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in the income statement. The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ 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, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent cost 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 the income statement when they are incurred.

2. Summary Of Significant Accounting Policies (Cont'd)

Leased Assets

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. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. At the commencement of the lease term, a finance lease is recognised as an asset and as liability in the balance sheet at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined 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; if not, 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 period 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 periods 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 the income statement 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 the income statement as an integral part of the total lease expense.

Business Combinations

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party of parties both before and after the business combination, and that control is not transitory. The business combination in such situation is accounted for under the pooling of interest method. During the year, the group undertook a restructuring exercise as disclose in Note 1 of the financial statements and a pooling-of-interests method of consolidation is adopted. The identifiable assets and liabilities were accounted for at their historical cost and the shares issued were recorded at par value, in a manner similar to the pooling-of-interests method of consolidation. Under the pooling-of-interests methods, the combined assets, liabilities and reserves of the pooled enterprises are recorded at their existing carrying amounts at the date of amalgamation. The excess or deficiency of amount recorded as share capital issued (plus any additional consideration in the form of cash or other assets) over the amount recorded for the share capital acquired is to be adjusted to the retained earnings.

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities accompanying a shareholding of more than one half of the voting rights or the ability to appoint or remove the majority of the members of the board of directors or to cast the majority of votes at meetings of the board of directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

In the company's own separate financial statements, the investments in subsidiaries are state at cost less any provision 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 net book values of the subsidiaries are not necessarily indicative of the amounts that would be realised in a current market exchange.

2. Summary Of Significant Accounting Policies (Cont'd)

Impairment of Non-Financial Assets

The carrying amount of such assets (other than (i) intangible assets not yet available for use, (ii) goodwill and other indefinite life intangible assets) is reviewed at each reporting date for indications of impairment and where impairment is found, the asset is written down through the income statement to its estimated recoverable amount. 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 impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in the income statement unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing 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 reporting date 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 determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial Assets

Initial recognition and measurement:

A financial asset is recognised on the balance sheet 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 income statement 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 are expensed immediately. The transactions are recorded at the trade date.

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

1. Financial assets at fair value through profit and loss: As at year end date, there were no financial assets classified in this category.

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 be 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. 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 the income statement. The trade and other receivables are classified in this category.

2. Summary Of Significant Accounting Policies (Cont'd)

Financial Assets (Cont'd)

Initial recognition and measurement (Cont'd):

3. Held-to-maturity financial assets: As at year end date there were no financial asset classified in this category.

4. Available for sale financial assets: As at year end date there were no financial asset classified in this category.

Derecognition of financial assets:

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control.

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 cash flow statement 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.

Hedging

The company is exposed to currency risks. The policy is to reduce currency exposures through derivatives and other hedging instruments. From time to time, there may be foreign exchange arrangements or similar instruments entered into as hedges against changes in the fair values of the liabilities. These arrangements are not used for trading or speculative purposes.

Hedge accounting is used only when the following conditions at the inception of the hedge are satisfied: (a) The hedging instrument and the hedged item are clearly identified. (b) Formal designation and documentation of the hedging relationship, is in place. Such hedge documentation includes the hedge strategy, the method used to assess the hedge's effectiveness. (c) The hedge relationship is expected to be highly effective throughout the life of the hedge.

Fair value hedge: the gains or losses from remeasuring the hedging instrument at fair value (for a derivative hedging instrument) or the foreign currency component of its carrying amount (for a non-derivative hedging instrument) are recognised in the income statement. The gain or loss on the hedged item attributable to the hedged risk is also recognised in the income statement. If the hedge is terminated, no longer meets the criteria for hedge accounting or is revoked, the adjusted carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to the income statement.

Derivatives

Derivatives: All derivatives are initially recognised and subsequently carried at fair value. The policy is to use derivatives only for non-speculative purposes. 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 the income statement and the hedged item follows normal accounting policies.

2. Summary Of Significant Accounting Policies (Cont'd)

Financial Liabilities

Initial recognition and measurement:

A financial liability is recognised on the balance sheet when, and only when, the entity becomes a party to the contractual provisions of the instrument. 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 income statement 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 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 balance sheet date.

Subsequent measurement:

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

1. Liabilities at fair value through profit and loss: As at year end date there were no financial asset classified in this category.

2. Other financial liabilities: All liabilities, which have not been classified 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 borrowing are classified in this category. Items classified within 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 of Financial Instruments

The carrying values of current financial assets and financial liabilities including cash, accounts receivable, short-term borrowings, accounts payable approximate their fair values due to the short-term maturity of these instruments. The fair values of non-current financial instruments are not disclosed unless there are significant items at the end of the year and in the event the fair values are disclosed in the relevant notes. Disclosures of fair value are not made when the carrying amount is a reasonable approximation of fair value. The maximum exposure to credit risk is the fair value of the financial instruments at the balance sheet date. The fair value of a financial instrument is derived from an active market. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or liability held, the asking price. If there is no market, or the markets available are not active, the fair value is established by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of similar instruments and incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. As far as unquoted equity instruments are concerned, in cases where it is not possible to reliably measure the fair value, such instruments are carried at cost less accumulated allowance for impairment.

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 for 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.

2. Summary Of Significant Accounting Policies (Cont'd)

Equity

Equity instruments are contracts that give a residual interest in the net assets of the company. 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. The shares have no par value. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when paid.

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. Provisions are 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 the income statement in the period they occur.

Financial Guarantees

A financial guarantee contract requires that the issuer makes specified payments to reimburse the holder for a loss when a specified debtor fails to make payment when due. Financial guarantee contracts are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18.

Segment Reporting

A business segment is a distinguishable component of an enterprise that is engaged in providing an individual product or service or a group of related products or services and that is subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

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 balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. These estimates and assumptions are periodically monitored to make sure 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 accounts:

An allowance is made for doubtful 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. Management specifically analyses accounts receivables and analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. At the balance sheet date, the receivables are measured at fair value and their fair values might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the balance sheet date.

2. Summary Of Significant Accounting Policies (Cont'd)

Net realisable value of inventories:

A review is made periodically on inventory for excess inventory, obsolescence and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. These reviews require management to estimate future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the balance sheet date and inherently involves estimates regarding the future expected realisable value. The benchmarks 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 judgment and materially affects the carrying amount of inventories at the balance sheet date. Possible changes in these estimates could result in revisions to the valuation of inventory. As at the balance sheet date, no provision for excess inventory, obsolescence and declines in net realisable value below cost has been made.

Property, plant and equipment:

The group has property, plant and equipment stated at a carrying value of S$5,964,000 (2006: S$8,045,000). An assessment is made at each reporting date whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected.

Useful lives of plant and equipment:

The estimates for the useful lives and related depreciation charges for plant and equipment is based on commercial and production factors which could change significantly as a result of technical innovations and competitor actions in response to severe market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete or non-strategic assets that have been abandoned or sold. The carrying amount of all property, plant and equipment as at 31 December 2006 and 2007 were S$8,045,000 and S$5,964,000 respectively.

Income taxes:

The group has exposure to income taxes in two jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the group's income tax payables and deferred tax liabilities at the balance sheet date was S$1,731,000 (2006: S$975,000) and S$238,000 (2006: S$260,000) respectively.

3. Related Party Transactions

A related party is an entity or person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common or joint control with, the entity in governing the financial and operating policies, or that has an interest in the entity that gives it significant influence over the entity in financial and operating decisions. It also includes members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual. This includes parents, subsidiaries, fellow subsidiaries, associates, joint ventures and post-employment benefit plans, if any.

3.1 Related companies:

Related companies in these financial statements include the members of the company's group of companies.

There are transactions and arrangements between the company and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The current intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For non-current balances an interest is imputed based on the prevailing market interest rate for similar debt less the interest rate if any provided in the agreement for the balance. For financial guarantees a fair value is imputed and is recognised accordingly if significant where no charge is payable.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances below.

3.2 Other related parties:

There are transactions and arrangements between the company and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The current intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For non-current balances an interest is imputed based on the cost of borrowing less the interest rate if any provided in the agreement for the balance. The guarantees are provided by the guarantor without charge but fair values are imputed and are recorded accordingly where no charge is paid. The fair value of the guarantees is not considered material and is not recognised.

Significant related party transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	Other related parties	
	2007	2006
	$'000	$'000
Sale of freehold properties (Note 13)	(3,000)	–
Sale of plant and equipment	(6)	–
Purchases of goods	32	31
Rental expense	204	168

3. Related Party Transactions (Cont'd)

3.3 Key management compensation:

	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Salaries and other short-term employee benefits	1,732	1,013	70	–
Remuneration of directors of the Subsidiaries	1,024	807	–	–
Fees to directors of the Company	70	–	70	–

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the company directly or indirectly. The above amounts for key management compensation are for all the directors and other key management personnel if there are less than five persons in total.

3.4 Other receivable from and other payables to related parties:

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

Group	Other related parties 2007 $'000	Other related parties 2006 $'000	Directors 2007 $'000	Directors 2006 $'000
Other receivable/(other payables):				
Balance at beginning of year – debit/(credit)	1,841	2,582	(98)	(436)
Amounts paid out during the year	87	698	98	254
Amounts received during the year	(1,928)	(439)	–	(916)
Other adjustments (a)	–	(1,000)	–	1,000
Balance at end of year – debit/(credit)	–	1,841	–	(98)

(a) For the year ended 31 December 2006, amounts receivable of $1,000,000 from a related party was offset against amounts payable of $1,000,000 to the directors.

Company	Other related parties 2007 $'000	Other related parties 2006 $'000	Directors 2007 $'000	Directors 2006 $'000
Other receivable/(other payables):				
Balance at beginning of year	203	3	(10)	(10)
Amounts paid out during the year	4	200	10	–
Amounts received during the year	(207)	–	–	*
Balance at end of year – debit/(credit)	*	203	–	(10)

* less than $1,000

3.5 Commitments and contingencies:

Bank facilities of $2,703,000 extended to a related party, Concentrate Engineering Pte Ltd were guaranteed by the subsidiary, Soon Lian Hardware (Pte.) Ltd. The fair value of the corporate guarantee is not considered material and is not recognised. On 3 August 2007, the bank has granted release of the above guarantee upon to the company obtaining written approval to list on the SGX-ST.

4. Financial Information by Segments

The primary reporting format is by market segment and the secondary reporting segment is by geographical segment area.

4A Primary analysis by market segment

For management purposes, the group's operating businesses are categorised according to the industry in which their customers operate. These are grouped into the following:-

(a) Marine industry;

(b) Precision engineering;

(c) Stockists and traders; and

(d) Others

Segment results, assets and liabilities are those that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment assets consist principally of trade receivables that are directly attributable to a segment.

Unallocated items comprise cash and cash equivalents, inventories, other receivables, property, plant and equipment, trade and other payables, current tax payable, other financial liabilities, finance leases, deferred tax liabilities, other credits, other charges, distribution costs, administrative expenses and income tax expense.

Segment information about these businesses is presented below: -

	Marine $'000	Precision engineering $'000	Stockists And traders $'000	Others $'000	Group $'000
31 December 2007					
REVENUE					
External sales	22,298	11,661	8,662	1,617	44,238
RESULTS					
Segment results	5,788	3,765	2,314	474	12,341
Other Credits					1,874
Distribution Costs					(791)
Administrative Expenses					(3,068)
Finance Costs					(1,534)
Other Charges					(221)
Profit before tax					8,601
Income tax expense					(1,359)
Profit for the year					7,242
ASSETS					
Segment assets	7,610	3,282	3.015	250	14,157
Segment assets - Unallocated					34,886
Total assets					49,043
LIABILITIES					
Segment liabilities - Unallocated					33,993
Total liabilities					33,993
Other information:-					
Capital expenditures - Unallocated					475
Depreciation - Unallocated					488

4. Financial Information by Segments (Cont'd)

	Marine $'000	Precision engineering $'000	Stockists And traders $'000	Others $'000	Group $'000
31 December 2006					
REVENUE					
External sales	13,762	13,831	1,528	1,890	31,011
RESULTS					
Segment results	3,461	3,453	332	633	7,879
Other Credits					566
Distribution Costs					(446)
Administrative Expenses					(2,558)
Finance Costs					(979)
Other Charges					(289)
Profit before tax					4,173
Income tax expense					(919)
Profit for the year					3,254
ASSETS					
Segment assets	4,466	3,239	560	651	8,916
Segment assets - Unallocated					24,465
Total assets					33,381
LIABILITIES					
Segment liabiltiies - Unallocated					25,267
Other information:-					
Capital expenditures - Unallocated					1,354
Depreciation - Unallocated					449

Capital expenditure and depreciation are not allocated to the respective business segments as the plant and equipment of the Group are general purpose equipment that can be used to undertake production of aluminium alloys for the different market segments.

The following table analyses assets and liabilities not allocated to business segments because they are not directly attributable to the segment or cannot be allocated to the segment on a reasonable basis:

	2007 $'000	2006 $'000
Assets		
Property, Plant and Equipment	5,964	8,045
Inventories	21,796	13,853
Cash and Equivalents	6,929	501
Other Receivable, Current	131	2,019
Other Assets, Current	66	47
	34,886	24,465

4. Financial Information by Segments (Cont'd)

	2007 $'000	2006 $'000
Liabilities		
Tax Liabilities: Current and Deferred	1,969	1,235
Trade and Other Payables, Current	22,169	15,884
Finance Leases	184	290
Other Financial Liabilities	9,671	7,858
	33,993	25,267

Geographic segments

The following table provides an analysis of the Group revenue by geographical market which is analysed based on the country of domicile of the customers:-

	Sales revenue	
	2007 $'000	2006 $'000
Singapore	15,491	14,280
Malaysia	12,761	10,678
UAE	4,236	1,249
Pakistan	3,417	130
Indonesia	2,805	1,585
Philippines	2,267	112
Other Countries	3,261	2,977
	44,238	31,011

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment analysed by the geographical area in which the assets are located:-

Segment Assets

	2007 $'000	2006 $'000
Singapore	46,573	31,976
Malaysia	2,470	1,405
	49,043	33,381

Capital Expenditure

	2007 $'000	2006 $'000
Singapore	261	673
Malaysia	214	681
	475	1,354

5. Revenue

	Group 2007 $'000	Group 2006 $'000
Sale of goods	44,073	30,642
Rental income	41	296
Other income	124	73
	44,238	31,011

6. Other Credits and (Other Charges)

	Group 2007 $'000	Group 2006 $'000
Gain on disposal of property, plant and equipment	1,024	–
Allowance for impairment on trade receivables - reversal	49	–
Foreign exchange adjustments gains	801	566
Bad debts written off trade receivables	–	(12)
Allowance for impairment on trade receivables	(42)	(105)
Allowance for impairment on other receivables	(25)	(50)
Forward contracts losses: transactions not qualifying as hedges	(154)	(115)
Loss on disposal of property, plant and equipment	–	(7)
	1,653	277
Presented in the income statement as:		
Other Credits	1,874	566
Other Charges	(221)	(289)
Net	1,653	277

7. Finance Costs

	Group 2007 $'000	Group 2006 $'000
Interest expense	1,534	979

8. Employee Benefits Expense

	Group 2007 $'000	Group 2006 $'000
Employee benefits expense	2,137	1,857
Contributions to defined contribution plan	145	134
Other benefits	93	55
Total employee benefits expense	2,375	2,046

9. Income Tax

	Group 2007 $'000	Group 2006 $'000
Current tax	1,381	907
Deferred tax	(22)	12
Total income tax expense	1,359	919

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate where the parent is domiciled. The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 18.0 % (2006: 20.0 %) to profit before income tax as a result of the following differences:

	Group 2007 $'000	Group 2006 $'000
Tax rate reconciliation:		
Profit Before Tax	8,601	4,173
Income tax expense at the above rate	1,548	835
(Not liable to tax) / not deductible items	(120)	105
Tax exemptions	(27)	(22)
Overprovision in respect of previous periods	(58)	–
Effect of different tax rates in different countries	11	2
Other minor items less than 3% each	5	(1)
Total income tax expense	1,359	919
Effective tax rate	15.8%	22.0%

The deferred tax amounts and movements in the year are as follows:

	Group balance sheet		Net change in consolidated income statement	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Deferred tax liabilities:				
Excess of net book value of plant and equipment over tax values	238	260	(22)	12
Total deferred tax liability	238	260	(22)	12

Estimated deferred tax liability expected to be utilised within one year is approximately $18,000 (2006: $22,000).

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

Temporary differences arising in connection with interests in subsidiaries are insignificant.

In 2007, the government of Singapore enacted a change in the national income tax rate from 20.0% to 18.0%.

10. Items In The Income Statement

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, this item includes the following charges:-

	Group	
	2007 $'000	2006 $'000
Non-audit fee to independent auditors included under administrative expenses	5	3

11. Dividends

	Group	
	2007 $'000	2006 $'000
Final dividend paid of 30 cents net of income tax (2006: 60 cents) per share	450	900
Final tax exempt (one-tier) dividend paid of 80 cents net of income tax (2006: Nil) per share	1,200	–
Total dividends paid in the year	1,650	900

12. Earnings Per Share From Continuing Operations

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares of no par value in issue during the financial year.

	Group	
	2007	2006
The calculation of earnings per share is based on the following:		
Net profit for the year attributable to members of the company (S$'000)	7,242	3,254
Weighted average number of ordinary shares on issue for basic earnings per share	82,405,479	81,000,000

The company and group do not have any discontinued operations.

There is no dilution of earnings per share as there are no dilutive potential ordinary shares outstanding as at the year end. The denominators used are the same as those detailed above for both basic and diluted earnings per share.

13. Property, Plant and Equipment

GROUP	Freehold properties $'000	Leasehold property and improvement $'000	Plant and equipment $'000	Total $'000
Current Year:				
Cost:				
At 1 January 2007	3,090	3,502	3,215	9,807
Additions	–	–	475	475
Disposals	(2,485)	–	(148)	(2,633)
Foreign exchange adjustment	(7)	–	(4)	(11)
At 31 December 2007	598	3,502	3,538	7,638
Accumulated depreciation:				
At 1 January 2007	502	223	1,037	1,762
Depreciation for the year	27	71	390	488
Disposals	(519)	–	(57)	(576)
At 31 December 2007	10	294	1,370	1,674
Net book value:				
At 1 January 2007	2,588	3,279	2,178	8,045
At 31 December 2007	588	3,208	2,168	5,964
Previous Year:				
Cost:				
At 1 January 2006	2,485	3,502	3,084	9,071
Additions	602	–	752	1,354
Disposals	–	–	(621)	(621)
Foreign exchange adjustment	3	–	–	3
At 31 December 2006	3,090	3,502	3,215	9,807
Accumulated depreciation:				
At 1 January 2006	474	152	1,001	1,627
Depreciation for the year	28	71	350	449
Disposals	–	–	(314)	(314)
At 31 December 2006	502	223	1,037	1,762
Net book value:				
At 1 January 2006	2,011	3,350	2,083	7,444
At 31 December 2006	2,588	3,279	2,178	8,045

The depreciation expense is charged as follows:

	Cost of sales $'000	Administrative expenses $'000	Total $'000
2007	218	270	488
2006	198	251	449

13. Property, Plant and Equipment (Cont'd)

Pursuant to a restructuring exercise, the subsidiary, Soon Lian Hardware (Pte) Ltd sold four freehold properties to a related party for an aggregate consideration of $3,000,000, based on independent valuation. Upon the agreement of all parties, the purchase consideration for the properties payable by the related party to the company was set-off against the cash portion of the purchase consideration payable by the company to the then shareholders of the company for the acquisition of the company. Completion of the sale and purchase took place on 30 November 2007 upon completion of the Restructuring Exercise as disclosed in Note 1 and the purchase consideration has been fully settled.

The group's freehold and leasehold properties are mortgaged to the banks for credit facilities and term loan as disclosed in Note 20.

Motor vehicles with a net book value of $865,000 (2006: $953,000) are registered in the names of directors who hold the assets in trust for the group.

Certain items are under finance lease agreements (See Note 21).

14. Investment in Subsidiaries

	Company	
	2007 $'000	2006 $'000
Unquoted shares, at cost	8,839	–
Net book value of subsidiaries	13,524	–
Analysis of above amount denominated in non-functional currency:		
Malaysia Ringgit	395	–

The subsidiaries held by the company are listed below:

Name of subsidiary, country of incorporation, place of operations and principal activities	Cost of the Investment		Percentage of equity held by Group	
	2007 $'000	2006 $'000	2007 %	2006 %
Soon Lian Hardware (Pte.) Ltd. Singapore Supplier of aluminium alloy products	8,444	–	100	–
Soon Lian Hardware (M) Sdn. Bhd. (a) Malaysia Supplier of aluminium alloy products	395	–	100	–

(a) Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim in Singapore is a member. The name of the independent auditors is Horwarth Melaka.

(b) Please refer to Note 28 on the "Restructuring exercise" for pooling-of-interests.

15. Inventories

	Group 2007 $'000	Group 2006 $'000
Goods for resale	21,796	13,853
Included in cost of sales:		
Increase in closing inventories of finished goods	(7,943)	(3,270)
Cost of purchases	38,094	27,691

16. Trade and Other Receivables, Current

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Trade receivables;				
Outside parties	14,560	9,326	91	–
Less allowance for impairment	(403)	(410)	–	–
Subtotal	14,157	8,916	91	–
Other receivables:				
Related parties (Note 3)	*	1,842	*	207
Deposits	87	65	–	–
Current tax recoverable	12	–	–	–
Other receivables	107	162	–	–
Less allowance for impairment	(75)	(50)	–	–
Subtotal	131	2,019	*	207
Total trade and other receivables	14,288	10,935	91	207
Movements in above provision:				
Balance at beginning of year	460	305	–	–
Charge for trade receivables to income statement included in Other Charges	42	105	–	–
Reversal for trade receivables to income statement included in Other Credits	(49)	–	–	–
Charge for other receivables to income statement included in Other Charges	25	50	–	–
Balance at end of year	478	460	–	–

* less than $1,000

The allowance is based on individual accounts that are determined to be impaired at the year end date. These are not secured.

Current receivables with a short duration are not discounted and the carrying values are assumed to approximate the fair values.

17. Other Assets, Current

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Prepayments	66	47	2	–

18. Cash and Cash Equivalents

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Not restricted in use	6,929	501	3,448	150

The rate of interest for the cash on interest earning accounts is insignificant.

Cash and cash equivalents in the cash flow statement:

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
As shown above	6,929	501	3,448	150
Bank overdrafts (Note 20)	(2,484)	(1,611)	–	–
Cash and cash equivalents (overdrawn) for cash flow statement purpose at end of year	4,445	(1,110)	3,448	150

NON-CASH TRANSACTIONS – During the year, there were acquisitions of plant and equipment with a total cost of $125,000 (2006: $256,000) acquired by means of finance leases.

19. Share Capital

	Group and Company	
	Number of shares	Issued share capital $
Ordinary shares of no par value:		
Balance at 1 January 2006 and 31 December 2006	350,000	350,000
Issue of new shares pursuant to restructuring exercise	5,839,000	5,839,000
	6,189,000	6,189,000
Sub-division of shares	81,000,000	6,189,000
New shares to be issued pursuant to the initial public offer	27,000,000	5,670,000
Share issue expenses	–	(1,320,000)
Balance at 31 December 2007	108,000,000	10,539,000

19. Share Capital (Cont'd)

The ordinary shares of no par value carry no right to fixed income and are fully paid. The only externally imposed capital requirement is that for the group to maintain its listing on the Singapore Stock Exchange it has to have share capital of at least 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 automatically continue to satisfy that requirement, as it did from the company's initial listing.

The objectives when managing capital are: to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk. The company sets the amount of capital in proportion to risk. The management manages the capital structure and makes adjustments to it in the light of changes in economic 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 shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, retained earnings and currency translation reserve):

	2007 $'000	2006 $'000
Net debt:		
All current and non-current borrowings including finance leases	26,883	19,403
Less cash and cash equivalents	(6,929)	(501)
Net debt	19,954	18,902
Net capital:		
Equity	15,050	8,114
Net capital	15,050	8,114
Debt-to-adjusted capital ratio	132.6%	233.0%

20. Other Financial Liabilities

	Group	
	2007 $'000	2006 $'000
Non-current:		
Term loans (secured) (Note 20B)	3,324	3,819
Non-current, total	3,324	3,819
Current:		
Bank overdrafts (secured) (Note 20A)	1,178	926
Bank overdrafts (unsecured) (Note 20A)	1,306	685
Bank loans (secured) (Note 20A)	1,297	1,792
Bank loans (unsecured) (Note 20A)	2,041	–
Term loans (secured) (Note 20B)	173	636
Term loans (unsecured) (Note 20B)	352	–
Current, total	6,347	4,039
Total	9,671	7,858

The range of floating rate interest rates which approximate the weighted effective interest rates paid:

	2007	2006
Bank overdrafts (secured)	5.25% to 5.50%	4.50% to 6.45%
Bank overdrafts (unsecured)	5.50% to 6.75%	4.50% to 6.45%
Bank loans (secured)	5.23% to 5.50%	4.50% to 6.45%
Bank loans (unsecured)	5.05% to 6.17%	–
Term loans (secured)	4.75% to 7.75%	3.38% to 5.50%
Term loans (unsecured)	4.53% to 5.53%	–

20A. Bank loans and bank overdrafts (secured)

The bank loans, bank overdrafts and other credit facilities are covered by a joint and several guarantee from certain directors of the company and a first and legal charge on the group's leasehold and freehold properties.

20B. Term loans

	Group	
	2007 $'000	2006 $'000
Term loan 1	1,001	1,047
Term loan 2	–	98
Term loan 3	18	54
Term loan 4	2,147	2,234
Term loan 5	352	676
Term loan 6	331	346
	3,849	4,455

20. Other Financial Liabilities (Cont'd)

20B. Term loans (Cont'd)

(a) Term loan 1 is repayable by 240 equal monthly instalments commencing May 2002. This is secured by a joint and several personal guarantees of certain directors of the company.

(b) The number of monthly repayment and commencing date for term loan 2 to 4 are as follows:

	Monthly equal instalments	Commencing date
Term loan 2	72	October 2001
Term loan 3	48	July 2004
Term loan 4	240	December 2003

These are secured by:

(i) joint and several guarantees by certain directors of the company;

(ii) first and legal charge on subsidiary's leasehold property;

(iii) first and legal charge on a subsidiary's machinery with a net book value amounting to $105,000 (2006: $121,000).

(c) Term loan 5 is repayable by 35 monthly instalments of $27,000 each and a final instalment of the balance amount outstanding. This is secured by a joint and several personal guarantees of certain directors of the company.

(d) Term loan 6 is repayable by 240 equal monthly instalments commencing November 2006. This is secured by a first and legal charge over the freehold properties of Soon Lian (M) Sdn Bhd and a joint and several personal guarantees of certain directors of the company.

21. Finance leases

		Group	
2007	**Minimum payments $'000**	**Finance charges $'000**	**Present value $'000**
Minimum lease payments payable:			
Due within one year	124	(11)	113
Due within 2 to 5 years	76	(5)	71
Total	200	(16)	184
Net book value of plant and equipment under finance leases			653

2006	**Minimum payments $'000**	**Finance charges $'000**	**Present value $'000**
Minimum lease payments payable:			
Due within one year	212	(14)	198
Due within 2 to 5 years	100	(8)	92
Total	312	(22)	290
Net book value of plant and equipment under finance leases			1,249

21. Finance leases (Cont'd)

It is a policy to lease certain of its fixtures and equipment under finance leases. The average lease term ranges from 1 – 4 years. The rate of interest for finance leases ranges from 2.3% to 5.5% (2006: 2.2% to 5.5%) per year. There is an exposure to fair value interest risk because the interest rates are fixed at the contract date. 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.

The carrying value of the lease liabilities approximates to their fair value.

22. Trade and Other Payables

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Trade payables;				
Outside parties and accrued liabilities (a)	21,744	15,360	157	1
Related parties (Note 3)	1	31	–	–
	21,745	15,391	157	1
Other payables:				
Directors (Note 3)	–	98	–	10
Subsidiary (Note 3)	–	–	1,796	–
Related parties (Note 3)	–	1	–	4
Rental deposits	–	43	–	–
Other payables	424	351	–	–
Subtotal	424	493	1,796	14
Total trade and other payables	22,169	15,884	1,953	15

The average credit period taken to settle non-related trade payables is about 30 to 90 days (2006 : 30 to 90 days). The other payables are with short-term durations. The carrying values are assumed to be a reasonable approximation of fair values.

(a) Included in the amount are bills payable of $17,028,000 (2006: $11,255,000). The range of floating interest rates which approximate the weighted effective interest rates paid was 4.56% to 7.61% (2006 : 4.58% to 6.08%) per annum.

Financial risk management

The company has certain strategies for the management of financial risks. These guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The major guidelines are the following:

1. The company documents carefully all derivatives including the relationship between then and the hedged items at inception and throughout their life.

2. Ineffectiveness is recognised in the income statement as soon as it arises.

3. Effectiveness is assessed at the inception of the hedge and at each reporting date ensuring that FRS 39 criteria are met.

4. Only high quality financial institutions are used as counterparties for derivatives.

23. Financial Instruments: Information on Financial Risks (Cont'd)

With regard to derivatives, the risk management policies are as follows:

1. The company documents carefully all derivatives including the relationship between then and the hedged items at inception and throughout their life.
2. Ineffectiveness is recognised in the income statement as soon as it arises.
3. Effectiveness is assessed at the inception of the hedge and at each reporting date ensuring that FRS 39 criteria are met.
4. Only high quality financial institutions are used as counterparties for derivatives.

Carrying amount of financial assets and liabilities

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

	Group	
	2007 $'000	2006 $'000
Financial assets:		
Cash and cash equivalents	6,929	501
Loans and receivables	14,201	10,870
At end of year	21,130	11,371
Financial liabilities:		
Measured at amortised cost:		
- Finance leases	184	290
- Other financial liabilities	9,671	7,858
- Trade and other payables	22,169	15,884
At end of year	32,024	24,032

	Company	
	2007 $'000	2006 $'000
Financial assets:		
Cash and cash equivalents	3,448	150
Loans and receivables	91	207
At end of year	3,539	357
Financial liabilities:		
Measured at amortised cost:		
- Trade and other payables	1,953	15
At end of year	1,953	15

23. Financial Instruments: Information on Financial Risks (Cont'd)

Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations consist principally of cash, cash equivalents and trade and other accounts receivable. Credit risk on cash balances and derivative financial instruments is limited because the counter-parties are banks with high credit ratings. The exposure to credit risk is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. As part of the process of setting customer credit limits, different external credit reference agencies are used, according to the country of the customer.

The table below illustrates the trade and other receivables (excluding deposits) ageing analysis:

	2007 $'000	2006 $'000
Less that 30 days	3,872	3,370
31-60 days	2,244	1,573
61-90 days	2,751	1,286
91-180 days	3,623	2,512
Over 180 days	1,711	2,129
At end of year	14,201	10,870

The average credit period generally granted to non-related trade receivable customers is about 30 to 90 days (2006: 30 to 90 days). But some customers take a longer period to settle the amounts. The total of overdue accounts was $9,573,000 (2006: $4,945,000). The total settled after the year end date was about $5,322,000 (2006: $4,863,000).

Concentration of trade receivable customers:

	2007 $'000	2006 $'000
Group		
Top 1 customer	2,746	1,926
Top 2 customers	3,779	2,824
Top 3 customers	4,794	3,315

Liquidity risk

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities.

The following table analyses financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

	Other Financial Liabilities $	Finance Leases $'000	Trade and other payables $'000	Total $'000
2007:				
Less than 1 year	6,319	113	22,169	28,601
Due within 2 to 5 years	743	71	–	814
Over 5 years	2,609	–	–	2,609
At end of year	9,671	184	22,169	32,024

23. Financial Instruments: Information on Financial Risks (Cont'd)

Liquidity risk (Cont'd)

	Other Financial Liabilities $	Finance Leases $'000	Trade and other payables $'000	Total $'000
2006:				
Less than 1 year	4,039	198	15,884	20,121
Due within 2 to 5 years	1,084	92	–	1,176
Over 5 years	2,735	–	–	2,735
At end of year	7,858	290	15,884	24,032

	Trade and other payables	
	2007	2006
Company	$'000	$'000
Less than 1 year	1,953	15
Due within 2 to 5 years	–	–
Over 5 years	–	–
At end of year	1,953	15

The average credit period taken to settle non-related trade payables is about 30 to 90 days (2006: 30 to 90 days). The other payables are with short-term durations. The carrying amounts are assumed to be a reasonable approximation of fair values.

It is expected that all the liabilities will be paid at their contractual maturity. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

Bank facilities:

	Group	
	2007	2006
	$'000	$'000
Undrawn borrowing facilities	13,134	8,732

The undrawn borrowing facilities are available for operating activities and to settle other commitments. Borrowing facilities are maintained to ensure funds are available for budgeted operations. A monthly schedule showing the maturity of financial liabilities and unused borrowing facilities is provided to the directors to assist them in monitoring the liquidity risk.

Interest rate risk

The interest rate risk exposure is mainly on financial liabilities. These financial instruments are at floating rates.

The interest rates are disclosed in the respective Notes 20 and 21.

23. Financial Instruments: Information on Financial Risks (Cont'd)

Interest rate risk (Cont'd)

	Group 2007 $'000	Group 2006 $'000
A hypothetical increase in interest rates by 50 basis points would have a adverse effect on profit before tax of	116	79
A hypothetical increase in interest rates by 100 basis points would have a adverse effect on profit before tax of	231	159
A hypothetical increase in interest rates by 150 basis points would have a adverse effect on profit before tax of	347	238
A hypothetical increase in interest rates by 200 basis points would have a adverse effect on profit before tax of	463	318

The analysis has been performed separately for fixed interest rate financial assets and liabilities and floating interest rate financial assets and liabilities. The impact of a change in interest rates on fixed interest rate financial instruments has been assessed in terms of changing of their fair value. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expenses.

Foreign currency risks

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

Analysis of above amount denominated in non-functional currency:

Financial assets:	Cash $'000	Trade and other Receivables $'000	Total $'000
At 31 December 2007:			
US dollars	1,320	2,389	3,709
Malaysia Ringgit	109	407	516
	1,429	2,796	4,225
At 31 December 2006:			
US dollars	230	761	991
Malaysia Ringgit	119	188	307
	349	949	1,298

23. Financial Instruments: Information on Financial Risks (Cont'd)

Foreign currency risks (Cont'd)

Financial liabilities:	Group			
	Other Financial Liabilities $'000	Finance Leases $'000	Trade and other payables $'000	Total $'000
At 31 December 2007:				
US dollars	–	–	17,157	17,157
Malaysia Ringgit	373	93	1,155	1,621
	373	93	18,312	18,778
At 31 December 2006:				
US dollars	–	–	13,332	13,332
Malaysia Ringgit	346	43	365	754
	346	43	13,697	14,086

	Group	
	2007 $'000	2006 $'000
A hypothetical 10% increase in the exchange rate of the function currency $ against all other currencies would have a favourable/(adverse) effect on profit before tax of	1,456	1,279
A hypothetical 10% increase in the exchange rate of the function currency $ against the US$ would have a favourable/(adverse) effect on profit before tax of	1,345	1,234
A hypothetical 10% increase in the exchange rate of the function currency $ against the Malaysia Ringgit would have a favourable/(adverse) effect on profit before tax of	111	45

The analysis above has been carried out on the basis that there are no hedged transactions.

In management's opinion, the above sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposures do not reflect the exposures during the year.

24. Contingent Liabilities

	2007 $'000	2006 $'000
Corporate guarantee given for credit facilities granted by a bank to a related party	–	2,703

Bank facilities of $2,703,000 extended to a related party, Concentrate Engineering Pte Ltd were guaranteed by subsidiary, Soon Lian Hardware (Pte.) Ltd. The fair value of the corporate guarantee is not considered material and is not recognised. On 3 August 2007, the bank has granted release of the above guarantee upon to the Company obtaining written approval to list on the Singapore Exchange Securities Trading Limited.

25. Other Financial Instruments

Currency derivatives:

Currency derivatives are utilised to eliminate or reduce the exposure of foreign currency denominated assets and liabilities, and to hedge future transactions and cash flows. The company is party to a variety of foreign currency forward contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the company's principal markets. As a matter of principle, the company does not enter into derivative contracts for speculative purposes.

At the balance sheet date, the group had contracted to sell and purchase the following amounts under forward contracts maturing at various dates in 2008.

	Group	
	Contractual amount $'000	Estimated fair value adjustment $'000
2007		
Purchase United States dollars for Singapore dollars	2,907	(154)
2006		
Purchase United States dollars for Singapore dollars	2,647	(115)

The fair value of the currency derivatives is estimated as above based on market values of equivalent instruments at the balance sheet date. These are included in other payables.

26. Operating Lease Payment Commitments

At the balance sheet date the total of future minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2007 $'000	2006 $'000
Not later than one year	182	263
Later than one year and not later than five years	249	356
Later than five years	2,482	2,670
Rental expense for the year	298	252

Operating lease payments represent mainly rentals payable for company's leasehold property, warehouse and dormitory at:

Leasehold property

- 45 Joo Koon Circle

  The lease from Jurong Town Corporation is for 60 years from 1 April 1993.

Warehouse

- 37 Joo Koon Road

  The lease from Concentration Engineering (Pte) Ltd – related party is for 2 years from 1 July 2006.

26. Operating Lease Payment Commitments (Cont'd)

Workers' domitory

- 21 Tuas View Loop

  The lease from TSL 8Quarters Pte Ltd is for 1 year from 1 July 2007.

The above rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage. Such increases are not included in the above amounts.

27. Operating Lease Income Commitments

At the balance sheet date the total of future minimum lease receivables under non-cancellable operating leases are as follows:

	2007 $'000	2006 $'000
Not later than one year	–	32
Rental income for the year	33	296

Operating lease income represents rentals receivable from certain of the company's freehold properties. The lease rental term expired in 2007.

28. Restructuring of Companies under Common Control

In connection with the company's initial public offering, the company implemented a restructuring exercise reorganising the corporate structure to streamline and rationalise its group structure and business pursuant to which the company became the investment holding company of the group.

The group was restructured as follows:-

(i) The company acquired the entire issued and paid-up share capital of Soon Lian Hardware (Pte.) Ltd. of S$1,500,000 comprising 1,500,000 ordinary shares from its then existing shareholders for an aggregate consideration of $8,444,000.

The consideration was partially satisfied by the allotment and issue of 5,444,000 shares, credited as fully paid, by the company to Soon Tien Holdings Pte. Ltd. on the direction of the shareholders of Soon Lian Hardware (Pte.) Ltd. The balance consideration of $3,000,000 was paid in cash to the shareholders.

(ii) The company acquired the entire issued and paid-up share capital of Soon Lian Hardware (M) Sdn. Bhd. of MYR500,000 comprising 500,000 ordinary shares of MYR1 from its then existing shareholders for an aggregate consideration of S$395,000.

The consideration was fully satisfied by the allotment and issue of 395,000 shares, credited as fully paid, by the company to the then existing shareholders of Soon Lian (M) Sdn. Bhd.

Upon the completion of the restructuring exercise, the company became the holding company of Soon Lian Hardware (Pte.) Ltd. and Soon Lian Hardware (M) Sdn. Bhd.

The group restructuring has been accounted for using the "pooling-of-interest" method. Accordingly, the group's consolidated financial statements for the financial years ended 31 December 2006 and 2007 have been prepared as if the group has been in existence prior to the restructuring exercise. The assets and liabilities are brought into the consolidated balance sheets at the existing carrying amounts. The figures of the group for the financial years ended 31 December 2006 and 2007 represent the combined results, state of affairs, changes in equity and cash flows as if the group, pursuant to the restructuring exercise, has existed since 1 July 2006.

29. Changes And Adoption Of Financial Reporting Standards

The XBRL format has been used for the first time. Adoption of the new XBRL format has resulted in some reclassifications in the balance sheet and the income statement and related notes but these did not require modifications to financial statements measurements.

For the year ended 31 December 2007 the following new or revised Singapore Financial Reporting Standards were adopted for the first time. The new or revised standards did not require any modification of the measurement method or the presentation in the financial statements.

FRS No.	Title
FRS 1	Presentation of Financial Statements - Amendments relating to capital disclosures
FRS 40	Investment Property (*)
FRS 107	Financial Instruments: Disclosures
FRS 107	Financial Instruments: Disclosures - Implementation Guidance
INT FRS 105	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (*)
INT FRS 107	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies
INT FRS 108	Scope of FRS 102 (*)
INT FRS 109	Reassessment of Embedded Derivatives (*)
INT FRS 110	Interim Financial Reporting and Impairment
INT FRS 111	FRS102 - Group and Treasury Share Transactions (*)

(*) Not relevant to the entity.

30. Future Changes in Accounting 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 have a material impact on the financial statements.

FRS No.	Title	Effective date for periods beginning on or after
FRS 23	Borrowing Costs	1.1.2009
FRS 108	Operating Segments	1.1.2009
INT FRS 112	Service Concessions Arrangements (*)	1.1.2008

(*) Not relevant to the entity.

31. Changes in Accounting Policies, Reclassifications and Comparative Figures

Effective from 1 January 2007 the XBRL format was adopted as mentioned in Note 29. Adoption of the standards has resulted in some reclassification to conform with current year presentation. The reclassification to financial statements presentation are summarised below:

	After reclassification $'000	Before reclassification $'000	Difference $'000
Group			
2006 Income Statement			
Financial income	–	566	(566)
Financial expense	–	(1,261)	1,261
Other credits/(charges)	–	(7)	7
Other Credits	566	–	566
Other Charges	(289)	–	(289)
Finance Costs	(979)	–	(979)
	(702)	(702)	–
2006 Balance Sheet			
Trade and Other Receivables	–	10,982	(10,982)
Trade and Other Receivables, Current	10,935	–	10,935
Other Assets, Current	47	–	47
	10,982	10,982	–
2006 Balance Sheet			
Short-term borrowings	–	3,403	(3,403)
Current portion of long-term borrowings	–	636	(636)
Other Financial Liabilities, Current	4,039	–	4,039
	4,039	4,039	–
2006 Balance Sheet			
Long-term borrowings	–	3,819	(3,819)
Other Financial Liabilities, Non- Current	3,819	–	3,819
	3,819	3,819	–

STATISTICS OF SHAREHOLDINGS

As at 19 March 2008

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 - 999	0	0.00	0	0.00
1,000 - 10,000	316	65.16	1,996,000	1.85
10,001 - 1,000,000	162	33.40	17,742,000	16.43
1,000,001 and above	7	1.44	88,262,000	81.72
Total	**485**	**100.00**	**108,000,000**	**100.00**

Shareholding held by the public

Based on the information available to the Company as at 19 March 2008, approximately 27.39% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual 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	4,482,000	4.15
4	Kim Eng Securities Pte. Ltd.	2,255,000	2.09
5	Ng Kim Ying	1,600,000	1.48
6	Tan Ee Tin	1,012,500	0.94
7	Tan Ee Hoon	1,012,500	0.94
8	Ang Yu Seng	1,000,000	0.93
9	Mayban Nominees (Singapore) Pte Ltd	1,000,000	0.93
10	Tan Yee Chin	998,334	0.92
11	Tan Yee Ho	998,333	0.92
12	Tan Yee Leong	998,333	0.92
13	Ng Chwee Cheng	903,000	0.84
14	Chow Tuck Fai	800,000	0.74
15	Ang De Yu	600,000	0.56
16	Lim Bok Teck	455,000	0.42
17	Sok Hang Chaw	450,000	0.42
18	Tan Lay Peng	400,000	0.37
19	UOB Kay Hian Pte Ltd	390,000	0.36
20	United Overseas Bank Nominees Pte Ltd	346,000	0.32
	Total	**97,601,000**	**90.38**

STATISTICS OF SHAREHOLDINGS

As at 19 March 2008

SUBSTANTIAL SHAREHOLDERS

Name of shareholder	Direct interest No. of shares	% of shares	Deemed interest No. of shares	% of shares
Soon Tien Holdings Pte. Ltd.	72,900,000	67.50	–	–
Tan Yee Chin (a Director)[(1)(2)]	998,334	0.92	73,300,000	67.87
Tan Yee Ho (a Director)[(1)]	998,333	0.92	72,900,000	67.50
Tan Yee Leong (a Director)[(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 2008 Annual General Meeting of the shareholders of the Company will be held at 45 Joo Koon Circle Singapore 629106 on Tuesday, 22 April 2008 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 the Reports of the Directors and Auditors for the year ended 31 December 2007. — Resolution 1

2. To re-elect the following directors retiring pursuant to the Company's Articles of Association:

Mr Tan Yee Chin (Article 109)	Resolution 2
Mr Lee Sen Choon (Article 114)	Resolution 3
Mr Tan Siak Hee (Article 114)	Resolution 4
Mr Yap Kian Peng (Article 114)	Resolution 5

Mr Lee Sen Choon shall, upon re-election as Director of the Company, remain as Chairman of the Audit Committee, a member of the Remuneration Committee and a member of the Nominating Committee. Mr Lee Sen Choon shall be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Mr Tan Siak Hee shall, upon re-election as Director of the Company, remain as Chairman of the Nominating Committee, a member of the Audit Committee and a member of the Remuneration Committee. Mr Tan Siak Hee shall be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Mr Yap Kian Peng shall, upon re-election as Director of the Company, remain as Chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nominating Committee. Mr Yap Kian Peng shall be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

3. To approve the Directors' fees of $70,000 for the year ended 31 December 2007. — Resolution 6

4. To re-appoint Messrs RSM Chio Lim as the Company's Auditors and to authorise the Directors to fix their remuneration. — Resolution 7

AS SPECIAL BUSINESS

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

5. "That pursuant to Section 161 of the Companies Act, Cap. 50. and subject to the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to allot and issue shares and convertible securities in the capital of the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution does not exceed 50% of the total number of issued shares excluding treasury shares, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed 20% of the total number of issued shares excluding treasury shares (the percentage of the total number of issued shares excluding treasury shares shall be based on the Company's total number of issued shares excluding treasury shares at the time this 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 this Resolution is passed and any subsequent bonus issue, consolidation or sub-division of shares) and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." — Resolution 8

[See Explanatory Note (i)]

6. And to transact any other business which may be properly transacted at an Annual General Meeting.

Explanatory Notes:

(i) The Ordinary Resolution proposed in item 5, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities, which the Directors may allot and issue under this Resolution shall not exceed 50% of the Company's total number of issued shares excluding treasury shares at the time of passing this Resolution. For allotment and issue of shares and convertible securities other than on a pro-rata basis to all shareholders of the Company, the aggregate number of shares and convertible securities to be allotted and issued shall not exceed 20% of the Company's total number of issued shares excluding treasury shares. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting.

BY ORDER OF THE BOARD

Catherine Lim Siok Ching
Company Secretary
Singapore

Date : 3 April 2008

Notes :

a) A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.

b) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 45 Joo Koon Circle Singapore 629106 not less than 48 hours before the meeting.

c) The form of proxy must be signed by the appointor or his attorney duly authorised in writing.

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

SOON LIAN HOLDINGS LIMITED

Registration No. 200416295G
(Incorporated in Singapore)

PROXY FORM

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.

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 2008 Annual General Meeting of the Company to be held on Tuesday, 22 April 2008 at 45 Joo Koon Circle Singapore 629106 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	Directors' Report and Audited Accounts for the year ended 31 December 2007		
2	Re-election of Mr Tan Yee Chin as Director		
3	Re-election of Mr Lee Sen Choon as Director		
4	Re-election of Mr Tan Siak Hee as Director		
5	Re-election of Mr Yap Kian Peng as Director		
6	Approval of Directors' fees of $70,000 for the year ended 31 December 2007		
7	Re-appointment of RSM Chio Lim as Auditors		
8	Authority to issue shares		

Signed this ____________ day of ____________________ 2008

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 45 Joo Koon Circle Singapore 629106 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.