SOON LIAN
HOLDINGS LIMITED
順聯控股有限公司

Annual Report 2009

Shaping Our Strengths
with a competitive edge

CONTENTS

SHAPING OUR STRENGTHS WITH A COMPETITIVE EDGE

Despite the uncertainties still present in today's economic climate, Soon Lian has held its fort as one of Singapore's key distributors of aluminium alloy products. As we build upon our strong foundation, the Group will continue to exercise prudence and take cautious steps forward.

Just like the welding of metals yields a strong alloy, we are confident that the combination of Soon Lian's strengths will assert the company's resilience and encourage robust growth for the future.

CORPORATE PROFILE

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 84% of our revenue in FY 2009. 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.

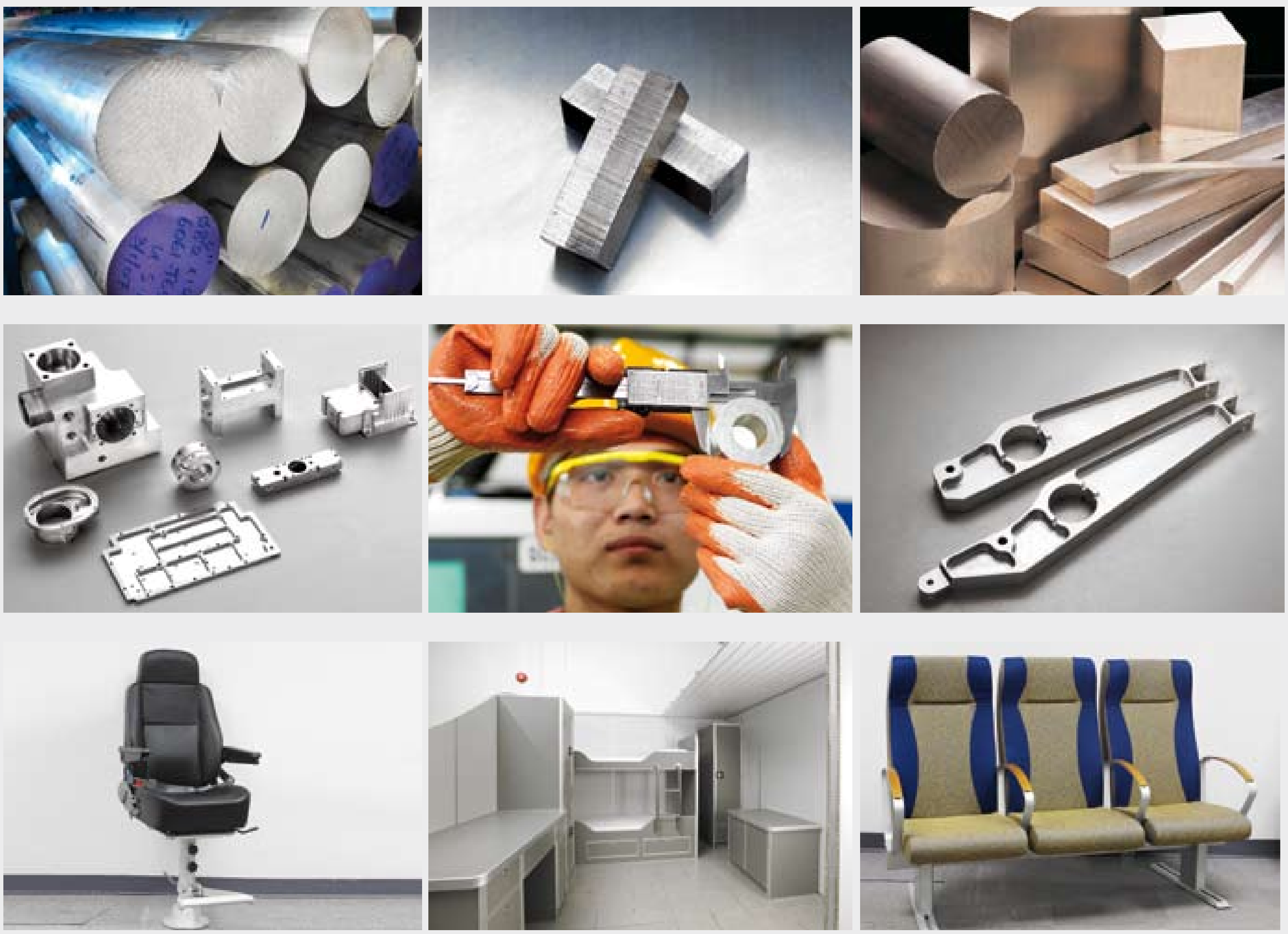
We source our inventories of aluminium alloy products from reputable suppliers in countries such as Canada, India, Indonesia, PRC, Singapore, South Africa and USA. Our major suppliers such as Alcoa and Alcan are amongst the largest manufacturers of aluminium alloy products in the world.

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.

We were awarded Enterprise 50 Award Winner 2007 by Accenture and The Business Times on 23 November 2007. We were also listed as one of Singapore's 1000 Top Corporations Ranked by Financial Performance in a report compiled by DP Information Group and Ernst and Young in 2010. These accolades are a clear recognition of our growth and regionalisation efforts made over the years.

Providing a Wide Range of **Products**



We supply a comprehensive range of over 1,200 different aluminium alloy products in a wide spectrum of specifications and dimensions. We also supply aluminium honeycomb products used in ship cabin interior fittings.

LETTER TO SHAREHOLDERS

Dear Shareholders,

The past year has been eventful. Like other companies, we experienced difficult business conditions with the continued fallout from the 2008 global financial crisis and the resulting worldwide recession, as well as fluctuating raw material costs. Despite these challenges, we mustered our resources and determination, managing costs and operating prudently.

Review of 2009

Economic conditions in the past year was lacklustre with the developed economies of the US, European Union and Japan still mired in recession. Despite record economic stimulus measures, these economies remained hampered by widespread unemployment, weak financial sectors and significant corporate debt. This scenario ultimately affected growth in Asia and other emerging markets.

Amidst that operating background, we booked a net profit of \$180,000 on the back of \$28.9 million in revenue. Fluctuating raw material costs also affected our profits during the year. Aluminium prices on the benchmark London Metal Exchange (LME) continued its downward spiral from 2008 in tandem with the global recession, sinking to a low in February 2009, and then rising gradually thereafter.

On the demand side, our two main business segments, marine and precision engineering, which together comprise about 84% of our group revenue, experienced continued weakness. All this impinged on our full year group revenue and profit margins.

In the marine sector, we supply aluminium alloy for the building of fast, lightweight vessels such as passenger ferries, marine ferries, crew boats and rescue boats used primarily by oil exploration companies. 2009 saw a cutback in such orders as oil prices dipped with lesser demand. Meanwhile, global tourism saw a downturn with consumer spending turning cautious. The second largest segment we supply to, precision engineering, saw continued weak demand over the year, as the electronics industry continued to experience uncertain conditions throughout 2009.

Outlook and Business Strategy

As we enter the new year, we see a gradual strengthening of operating conditions. Asia, where our markets primarily are, has experienced a rebound. Nonetheless, the developed economies such as the US, Europe Union and Japan are still clouded by significant corporate and sovereign debt and widespread unemployment. In our inter-connected global economy, this will ultimately dampen global economic recovery as these economies are still the largest consumers of goods and services.

Sectoral Outlook

The long-term outlook for the marine sector remains positive and we believe we are in the right market space to leverage on it. Despite the volatility of oil prices, the fundamental, structural demand for energy and oil remains as large, emergent economies such as India and China continue their long-term development. This should drive offshore energy and oil exploration and the resultant demand for marine vessels that cater to such services. Our reputation as a major supplier of the aluminium alloy products used in the construction of such vessels will stand us in good stead.

Meanwhile, the global electronics sector seems to be turning the corner. In a research note in November 2009, market analysts Frost and Sullivan[1] believes that the improving financial results of large semiconductor chip makers such as Intel, the world's largest chip maker, are an indicator of better days ahead for semiconductor companies and thus electronics. Nonetheless, given the uncertain conditions that has beset the electronics sector for an extended time, we remain cautious about our precision engineering segment and will adjust our strategy in tandem with the developing market scenario as the year progresses.

Geographical Strategy

Over FY09, exports comprised the bulk of our business, with supplies to more than 15 countries in Asia and the Middle East. Both Singapore and Malaysia remained our largest markets. We will maintain the same broad business development strategy in the year ahead and aim to consolidate our ties with business partners and agents.

While we aim to grow our business and build a solid revenue base through a robust mix of exports across diverse countries, we will continue to carefully manage our costs and calibrate our operations through prudent inventory management.

Conclusion

We believe opportunities are present even in an environment of adversity. With asset deflation across the board, these challenging times might present us with opportunities for strategic alliances. We remain committed to such avenues to enhance long-term shareholder value.

On the corporate front, the year past saw us appoint Collins Stewart Pte. Limited as our continuing sponsor in our transition to Catalist, the new board on the Singapore Exchange.

To conclude, we have been through one of the most challenging periods of our business and I would like to sincerely thank the directors, suppliers and customers for their invaluable support and advice over the year. On behalf of the board, I would also like to extend our heartfelt appreciation to our management and staff for their unstinting dedication. Last but not least, thanks to our loyal shareholders. We look forward to the year ahead.

Tan Yee Chin
Chairman and CEO

1. "2010 Semiconductor Industry Outlook—Brighter Days Ahead." By Jayalakshmi Janakiraman, 12 November 2009, Frost and Sullivan.

致股东函

尊敬的各位股东：

去年的全球经济依然面对着许多严峻的考验。2008年全球金融海啸所带来的冲击，不仅导致了全球经济衰退，也造成了原料价格的大幅度波动。我们和其他企业一样，经历了艰难的经商环境。虽然面对重重挑战，但是我们聚集了资源及毅力，以谨慎的态度经营业务，并且有效管理经营成本。

回顾2009财政年

随着金融危机的影响不断加深，发达经济体如美国、欧盟及日本仍未能确定走出经济衰退的阴霾。虽然各国政府已积极推动经济振兴措施，但这些经济体依然遭到居高不下的失业率、萎靡不振的金融业以及显著的企业负债情况所影响。这样的情况，最终也让亚洲及各新兴市场遭受冲击。

在如此艰难的环境下，我们依然取得2890万元的营业额以及18万元的盈利。在原料价格不断波动的环境下，我们的盈利难免受到了冲击。铝的价格在伦敦金属交易所自2008年底的全球金融海啸后就持续下跌，直达2009年二月的最低点后，才逐渐回升。

海事与精密工程这两个主要的领域中疲弱的需求，直接打击了我们集团的全年营业额和利润率。这两个领域的销售收入共占集团全年营业额的84%。

在海事领域中，我们的铝合金，主要用于建造快速、轻量级船舶如海上渡轮、交通艇以及救援艇等。这些船舶主要供石油勘探公司和客运公司使用。石油需求的减少，油价下滑，再加上全球消费心理日趋保守导致国际旅游业受到冲击，导致我们2009年的这类订单遭受锐减。至于精密工程领域方面，电子业继续在2009年面对许多不确定因素，促使需求量也逐渐下跌。

前景与商业策略

在迈入新一年的当儿，经商环境也逐渐好转，尤其是亚洲，更已经出现了经济复苏的曙光。由于亚洲是我们的主要市场，这对于我们来说，是个值得鼓舞的消息。但发达经济体如美国、欧盟以及日本依然笼罩着企业和国家负债和广泛的失业率问题。在今日如此环环相扣的全球经济中，这些问题最终将打击全球经济复苏的步伐。

各领域前景

对于海事领域的长远前景，我们依然保持乐观，并相信我们处在正确的市场空间，能够有效地运用此优势。虽然面对不稳定的油价，但新兴经济体如中国和印度持续的长期发展，应能增强对能源和石油勘探工作以及海事船舶的需求。

同时，全球电子业似乎已出现好转的现象。然而，由于电子领域依然存在许多的不明朗因素，我们对精密工程领域，将保持谨慎的态度，并根据市场的发展情况，调整应对策略。

地理策略

在2009年里，我们的产品主要出口到亚洲及中东的超过15个国家，新加坡和马来西亚仍是我们的两大市场。我们在接下来一年里，将维持同样的业务发展策略，并继续巩固与商业伙伴和代理商的关系。

在我们计划通过多元化的出口，以扩展业务及建立稳健的营业根基的同时，我们也将通过谨慎的存货管理，加强成本的控制和我们的经营策略。

结论

我们相信，就算在逆境中，商机依然存在。在整体资产贬值的情况下，当前的这个充满挑战的时期随时可能化为战略性联盟的时机。我们将继续致力于提升股东的长期价值。

在企业方面，过去一年，我们委任了Collins Stewart Pte. Limited 为我们的保荐商，让我们转移到新加坡交易所凯利板的过程更加顺利。

总结来说，这一年里，我们经历了严峻的挑战，我谨此由衷地感谢在这一年来不断给予宝贵意见以及支持的董事、供应商以及客户。我代表董事会，为集团全体同仁不屈不挠的付出，致以最深的谢意。我们也感谢忠实的股东们，我们期待未来的一年会有更好的表现。

陈怡進
主席兼执行总裁

FINANCIAL HIGHLIGHTS

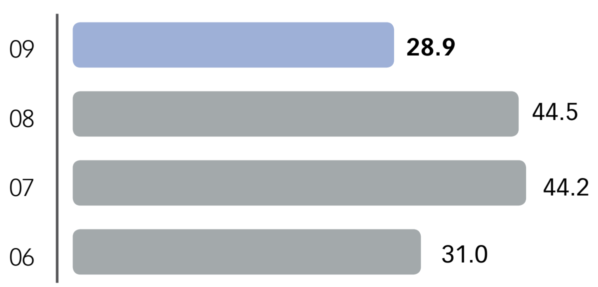
Summary Sales by Segment from Jan - Dec 2009

	FY2009 $'000	FY2008 $'000
Income Statement		
Revenue	28,937	44,550
Gross Profit	6,884	12,192
Profit before tax	219	3,459
Taxation	(39)	(539)
Profit after tax	180	2,920
Earnings per share (in cents)	0.17	2.70
Balance Sheet		
Assets		
Non-current assets	5,239	5,681
Current assets	31,160	43,584
Total Assets	36,399	49,265
Equity and Liabilities		
Equity attributable to equity holders of the parent	18,154	17,992
Non-Current Liabilities	6,215	3,879
Current Liabilities	12,030	27,394
Total Liabilities	18,245	31,273
Total Equity and Liabilities	36,399	49,265
Net Asset Value Per Share (in cents)	16.8	16.7

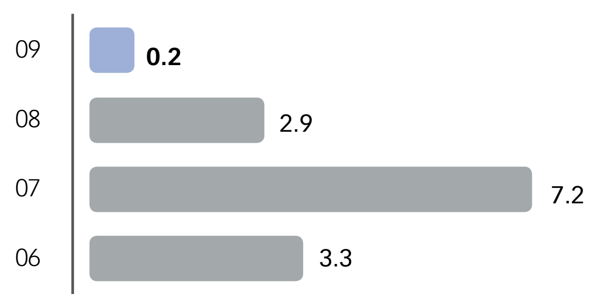
FINANCIAL HIGHLIGHTS

Summary Sales by Segment from Jan - Dec 2009

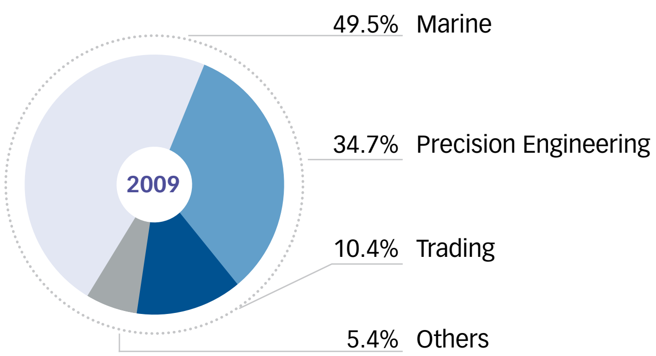
Revenue
($'million)

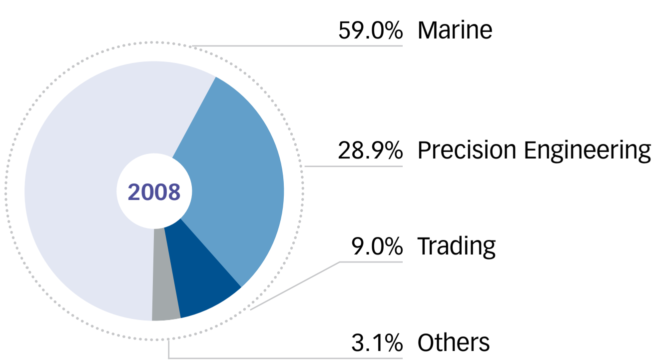


Net profit for the financial year
($'million)

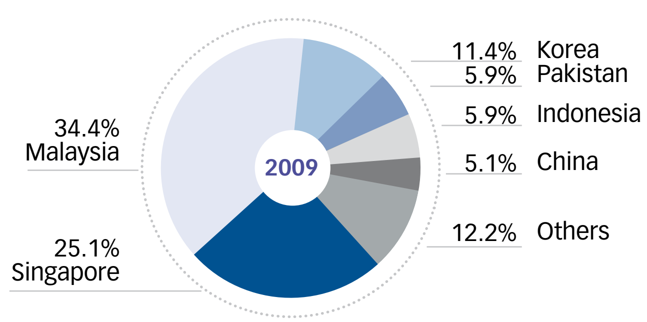


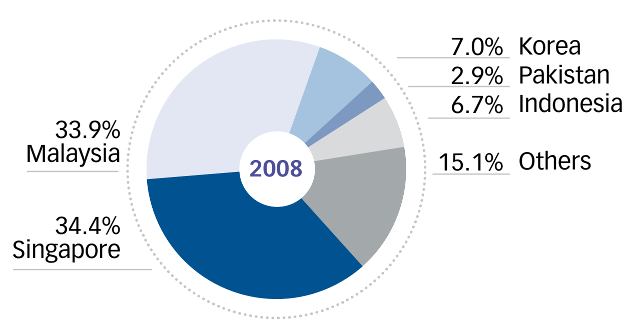
Revenue by Market Segments (%)





Revenue by Geographical Market (%)





SUPPLIER BASE

1. CANADA
2. USA
3. SOUTH AFRICA
4. THE NETHERLANDS
5. GREECE
6. INDIA
7. RUSSIA
8. PRC
9. MALAYSIA
10. SINGAPORE
11. INDONESIA

CUSTOMER BASE

1. UAE
2. PAKISTAN
3. MYANMAR
4. BANGLADESH
5. PRC
6. INDIA
7. THAILAND
8. SRI LANKA
9. HONG KONG
10. PHILIPPINES
11. VIETNAM
12. MALAYSIA
13. AUSTRALIA
14. SINGAPORE
15. INDONESIA
16. BRUNEI
17. SOUTH KOREA

Providing to Diversified **Markets**

We expand our distribution business out of Singapore, supplying aluminium alloy products to more than 1000 customers throughout the Asia Pacific and Middle East regions

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

COMPANY SECRETARY

Ng Kim Ying, CPA Singapore

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 LLP
Certified Public Accountants
(a member of RSM International)
8 Wilkie Road, #04-08
Wilkie Edge
Singapore 228095

AUDIT PARTNER-IN-CHARGE

Ms Woo E-Sah, CPA Singapore
Effective from year ended 31 December 2008

Providing to Varied **Industries**




Our customer base spreads across the marine, precision engineering, oil and gas, construction and other industries.

OPERATING AND FINANCIAL REVIEW

Going forward, we aim to maintain Singapore and Malaysia as our main markets in the year ahead and continue leveraging on the dense concentration of businesses in Singapore, and the efficient and highly-connected transportation and shipment services located here.

Business Overview

A specialist supplier of over 1,200 different aluminium alloy products in various specifications, we focus on the marine and precision engineering industries. We also supply aluminium alloy products to other aluminium stockists and traders and customers in other industries.

Customisation services are part of our value-add and we employ several processing systems such as a unique CNC underwater plasma cutting system, CNC high precision saws and fully automatic band saws which are able to cut the aluminium alloy products according to customer specifications. Our cutting service enables customers to focus on their core competence in shipbuilding or precision engineering, and reduce or avoid additional investments in machines and equipment for cutting aluminium alloy products to the required dimensions.

Marine

Our aluminium alloy products have a wide range of properties required for marine applications. Sold mainly to shipbuilders, they are used in the hulls, decks, superstructures and cabins of light crafts such as catamarans, pleasure crafts, crew boats, rescue boats and patrol boats. The hulls of ships are typically built using aluminium alloy plates as they are resistant to seawater corrosion. Meanwhile, the superstructures of ships are generally built with aluminium alloy extrusion products such as rods, bars, tubes and extruded profiles, due to their high tensile strength.

Operating and Financial Review

Soon Lian also supplies 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. To ensure product quality of the aluminium alloy materials for the marine sector, we engage independent certification bodies such as DNV, Lloyd's and ABS to conduct inspections of our marine sector products and issue inspection certificates.

Precision Engineering

The aluminium alloy products we supply to the precision engineering industry are manufactured or machined into components assembled into precision instruments, equipment for semiconductor manufacturing and automated assembly lines.

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

Stockists and Others

Soon Lian's diversified customer base also includes trading companies like other aluminium alloy stockists and construction companies.

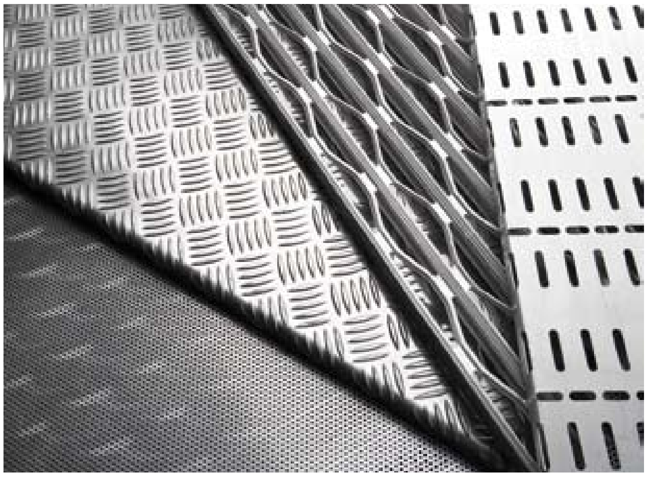
Operational Highlights for FY09

For financial year 2009, we booked group revenue of $28.9 million and net profits of $180,000. Earnings per share was 0.17 cts while Net Asset Value per share as of year-end 31 December 2009 was 16.8 cts.

The marine sector generated a turnover of $14.3 million while the precision engineering segment registered revenues of $10.1 million. Both segments experienced difficult operating conditions as demand diminished in tandem with weakened sectoral economic conditions.

Geographically, our largest revenue contributors remain Singapore and Malaysia. For FY09, Singapore contributed about 25.1% to group revenue while Malaysia generated 34.4%. The bulk of our turnover was derived via exports to over 15 countries in Asia and the Middle East.

Going forward, we aim to maintain Singapore and Malaysia as our main markets in the year ahead and continue leveraging on the dense concentration of businesses in Singapore, and the efficient and highly-connected transportation and shipment services located here.



Financial Review

FY09 group revenue was $28.9 million, a decrease of 35% over FY08's $44.5 million. Net profits were $180,000, a decrease of 93.8% compared with $2.9 million in FY08. Fluctuating aluminium prices during the year affected cost of goods sold and thus our gross profit margins.

Gross profit decreased by 43.5% from $12.2 million in FY08 to $6.9 million in FY09 due mainly to lower revenue from our two largest segments, the marine and precision engineering sectors.

Marketing and distribution costs increased by $0.2 million in FY09 mainly due to an increase in commission expenses as more sales were secured through our overseas agents. Administration expenses decreased by $0.1 million from $3.6 million in FY08 to $3.5 million in FY09.

Operating and Financial Review

For our largest business segment, the marine sector, we anticipate recovering conditions as oil prices strengthen and marine companies again focus on the long-term global demand for energy and oil as the world's population increases and emerging economic giants like China and India drive growth.

Meanwhile, finance costs decreased by $0.4 million from $1.4 million in FY08 to $1 million in FY09 due to lower utilisation of bills payable financing as a result of a decrease in inventory purchases in FY09. Other charges decreased by $1.1 million from $2.7 million in FY08 to $1.6 million in FY09 mainly due to lower impairment of trade receivables and inventory.

With the above, the group made a profit before tax of $0.2 million in FY09 compared to profit before tax of $3.5 million in FY08.

Market Outlook

According to the International Monetary Fund, the world economy is expected to rebound in 2010, with emerging economies such as China and India expected to register strong GDP expansion while advanced economies will experience slower growth[1].

1. "IMF sharply raises global economic growth forecast." By Lesley Wroughton, Reuters Business News, January 26, 2010.

As we enter a new year, we expect that economic growth in the developed economies such as the US, EU and Japan will remain tepid, with large corporate and sovereign debt, and rampant unemployment dampening prospects.

Given these economic conditions, we remain cautiously optimistic about the operating environment.

For our largest business segment, the marine sector, we anticipate recovering conditions as oil prices strengthen and marine companies again focus on the long-term global demand for energy and oil as the world's population increases and emerging economic giants like China and India drive growth.

While the outlook for precision engineering should improve as large semiconductor manufacturers see a recent upsurge in orders[2]. We remain cautious about prospects in this segment and will adjust our strategy in tandem with unfolding market conditions.

In sum, the business horizon looks clearer and we are prepared to move ahead, leveraging on our strengths while managing costs. With our accumulated experiences over a difficult 2009, we stand ready for the future.

2. "2010 Semiconductor Industry Outlook—Brighter Days Ahead." By Jayalakshmi Janakiraman, 12 November 2009, Frost and Sullivan. "Singapore exports surge in December." By Robin Chan, Straits Times, January 18, 2010.

BOARD OF DIRECTORS

TAN YEE CHIN

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 HO

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 LEONG

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.

LEE SEN CHOON

TAN SIAK HEE

YAP KIAN PENG

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 UHY Lee Seng Chan & Co., a public accounting firm in Singapore. He has more than 30 years of experience in accounting, audit, taxation and corporate secretarial work. Lee Sen Choon is the Treasurer of the Board of Directors of Singapore Chinese High School and the Treasurer of the Board of Governors of Hwa Chong Institution. He is also a member of the School Advisory Committee of Xingnan Primary School. In addition, he sits on a number of publicly listed companies as an independent director. 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 in 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 24 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. He holds a Graduate Certificate in International Arbitration from the National University of Singapore. He is a Fellow of the Singapore Institute of Arbitrators and a Fellow of the Chartered Institute of Arbitrators based in London. He is currently an Independent Director and Chairman of the Remuneration Committee of PSL Holdings Limited, a company listed on the main board of SGX.

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 and logistics. In addition, since 2004, he has been the executive director of CKG Chemicals Pte Ltd, in charge of their financing and accounting functions. He was employed by Maybank from 2001 to 2004, initially as a senior business development manager and subsequently promoted to be the team head of Trade Finance Business Development Group. From 1998 to 2000, Yap Kian Peng was a director of You Yi Glass Contractor Pte Ltd, a company engaged in the business of trading in glass sheets. He joined Oversea-Chinese Banking Corporation Limited in 1992 and when he left in 1998, he was an assistant manager at the bank. Yap Kian Peng graduated from RMIT University, Australia, with a Bachelor Degree in Business (Business Administration). He is an Independent Director and the Chairman of the Audit Committee of China Bearing (Singapore) Ltd., and is also an Independent Director of Seroja Investments Ltd. and Travelite Holdings Ltd., these companies are listed on the Main Board of the Stock Exchange of Singapore.

EXECUTIVE OFFICERS

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 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.

CORPORATE GOVERNANCE AND FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

Soon Lian Holdings Limited (the "Company") is committed to maintaining high standards of corporate governance to protect shareholders' interests and enhance shareholders' value and corporate transparency.

This report describes the Company's corporate governance processes and activities with specific references to the guidelines of the Singapore Code of Corporate Governance 2005 (the "Code").

In compliance with the Listing Manual Section B: Rules of Catalist ("Catalist Rules"), the Company has appointed Collins Steward Pte. Limited (the "Sponsor") as its continuing Sponsor as part of the Company's Transition to the Catalist sponsor-supervised regime with effect from 4 January 2010.

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 three Board 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 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 from 1 January 2009 to 31 December 2009 are set out below:

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

* By invitation

The matters requiring the Board's approval include, amongst others, major investments and divestments, material contracts, bank borrowings, major capital expenditure and major funding 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 Nominating Committee 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 knowledge, 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 non-executive 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.

CORPORATE GOVERNANCE REPORT

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 Articles of Association of the Company requires one-third of the directors (including CEO) for the time being, or, if their numbers 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 director shall abstain from voting on any resolution in respect of his re-nomination as a director.

Notwithstanding that some of the Directors have multiple board representations, the NC is satisfied that each Director is able to and has been adequately carrying out his duties as a director of the Company.

The NC has adopted a process for assessing the performance of the Board as a whole instead of individual assessment. The performance appraisal includes qualitative and quantitative factors including Board structure, conduct of meetings, corporate strategy and planning, risk management and internal control, and so on.

The NC has also reviewed the independence of each director for FY2009 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 non-executive 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; and

4) To review and approve annually the remuneration of the directors, Executive officers and employees related to any director and/or substantial shareholder of the Company.

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 will be paid a fee for their board services and appointment to board committees.

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 2009 is set out below:

	Directors' Fees	Salary	Bonus	Allowances and Benefits in kind	Total
	%	%	%	%	%
Below S$250,000					
Lee Sen Choon	100	–	–	–	100
Tan Siak Hee	100	–	–	–	100
Yap Kian Peng	100	–	–	–	100
Between S$250,000 and S$499,999					
Tan Yee Chin	–	75	16	9	100
Tan Yee Ho	–	77	17	6	100
Tan Yee Leong	–	71	15	14	100

Remuneration Band of the top 3 key executives (who are not directors of the Company) for the year ended 31 December 2009 are as follows:

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

(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 FY2009.

Apart from the above, the Company does not have any employee whose remuneration exceeded S$150,000 for FY2009 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$1.26 million for the financial year ended 31 December 2009.

The Board is of the opinion that the information as disclosed above would be sufficient for shareholders to have an adequate appreciation of the Company's compensation Policies and Practices and therefore does not intend to issue a separate remuneration report, the contents of which would be largely similar.

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, of all whom are non-executive 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 controls, 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; and

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.

Management has put in place a whistle-blowing policy duly endorsed by the AC and approved by the Board, where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters. The details of the whistle-blowing policy have been made available to all employees.

The AC has full access to 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 to satisfy itself that the nature and extend of such services will not prejudice the independence and objectivity of the external auditors before recommanding their re-nomination to the Board. Having reviewed and satisfied that RSM Chio Lim LLP is independent, the AC recommended the re-appointment of Messrs RSM Chio Lim LLP as external auditors of the Company for the financial year ending 31 December 2010. The AC confirms that the appointment of different auditors for subsidiaries would not compromise the standard and effectiveness of the auditors of the Company.

The amount of non-audit fees to independent auditors for the financial year ended 31 December 2009 are $22,000.

Principle 12: Internal Controls

The Board believes that, in the absence of any evidence to the contrary, the system of internal controls 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 controls 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 internal audit function is outsourced to a certified public accounting firm. The Internal Auditors report primarily to the Chairman of the Audit Committee ("AC").

The Internal Auditors plan its internal audit schedules in consultation with, but independent of Management. The audit plan is submitted to the AC for approval prior to the commencement of the internal audit.

The AC reviews the activities of the internal auditors on a regular basis, including overseeing and monitoring of the implementation of the improvements required on internal controls identified.

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.

CORPORATE GOVERNANCE REPORT

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	FY2009 S$'000	FY2008 S$'000
Concentrate Engineering Pte Ltd	–	102

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

There were no material contracts of the Company and its subsidiaries involving the interests of the Directors or controlling shareholders during the financial year.

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 Audit Committee ("AC"). All hedging transactions shall be pre-approved by the CEO. The Company will continue to monitor its foreign exchange exposure. Any change in the hedging policy shall be subject to review and approval by the Board prior to implementation. The AC will review periodically all the foreign exchange exposure hedging transactions and any formal hedging policies and procedures of the Group.

CATALIST SPONSOR

In compliance with Rule 1204(20) of the Catalist Rules, there are no non-sponsor fee paid to the Sponsor during the financial year.

DIRECTORS' REPORT

The directors of the Company are pleased to present their report together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 2009.

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
Tan Siak Hee
Yap Kian Peng

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 and related corporations 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	
Name of directors and companies in which interests are held	**At beginning of the year**	**At end of the year**	**At beginning of the year**	**At end of the year**
Soon Tien Holdings Pte. Ltd.	**Number of shares of no par value**			
(the parent company)				
Tan Yee Chin	250	250,000	–	–
Tan Yee Ho	250	250,000	–	–
Tan Yee Leong	250	250,000	–	–
Tan Ee Hoon	125	125,000	–	–
Tan Ee Tin	125	125,000	–	–
Soon Lian Holdings Limited				
Tan Yee Chin	998,334	998,334	73,300,000	73,300,000
Tan Yee Ho	998,333	998,333	72,900,000	72,900,000
Tan Yee Leong	998,333	998,333	72,900,000	72,900,000
Lee Sen Choon	50,000	50,000	–	–
Tan Siak Hee	50,000	50,000	–	–
Yap Kian Peng	50,000	50,000	–	–

DIRECTORS' REPORT

3. Directors' Interests in Shares and Debentures (Cont'd)

By virtue of section 7 of the Companies Act, Cap. 50, Tan Yee Chin, Tan Yee Ho and Tan Yee Leong are deemed to have an interest in the Company and in all the related corporations of the Company.

The directors' interests as at 21 January 2010 were the same as those at the end of the year.

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.

There were certain transactions (shown in the financial statements under related party transactions) with corporations in which certain directors have an interest.

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.

7. Unissued Shares Under Option

At the end of the financial year, there were no unissued shares under option.

8. Report of Audit Committee

The members of the audit committee at the date of this report are as follows:

Mr Lee Sen Choon	(Chairman of audit committee and independent and non-executive director)
Mr Tan Siak Hee	(Independent and non-executive director)
Mr Yap Kian Peng	(Independent and non-executive director)

The audit committee performs the functions specified by section 201B(5) of the Companies Act. Among others functions, it performed the following:

- 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;

8. Report of Audit Committee (Cont'd)

- 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 auditors 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 LLP, 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 LLP, 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 24 February 2010, 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

5 March 2010

STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) the accompanying consolidated statement of comprehensive income, statements of financial position, statements of changes in equity, consolidated statement of cash flows, and notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the results and cash flows of the Group and changes in equity of the Company and of the Group for the financial year then ended; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue on 5 March 2010.

On Behalf of The Directors

Tan Yee Chin
Director

Tan Yee Ho
Director

5 March 2010

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Soon Lian Holdings Limited and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is 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:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of comprehensive income and statements of financial position and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) 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 management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

In our opinion,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 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 LLP
Public Accountants and
Certified Public Accountants
Singapore

5 March 2010

Partner in charge of audit: Woo E-Sah
Effective from year ended: 31 December 2008

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	Notes	Group 2009 $'000	Group 2008 $'000
Revenue	5	28,937	44,550
Cost of Sales		(22,053)	(32,358)
Gross Profit		6,884	12,192
Interest Income	6	1	12
Other Credits	7	1,000	287
Other Items of Expense			
Marketing and Distribution Costs		(1,564)	(1,361)
Administrative Expenses		(3,518)	(3,634)
Finance Costs	8	(960)	(1,362)
Other Charges	7	(1,624)	(2,675)
Profit Before Tax From Continuing Operations		219	3,459
Income Tax Expense	10	(39)	(539)
Profit from Continuing Operations, Net of Tax		180	2,920
Other Comprehensive Income:			
Exchange Differences on Translating Foreign Operations, Net of Tax		(18)	(18)
Other Comprehensive Income for the Year, Net of Tax		(18)	(18)
Total Comprehensive Income		162	2,902
Earnings Per Share			
Earnings per Share Currency Unit		**Cents**	**Cents**
Basic	12	0.17	2.70
Diluted	12	0.17	2.70

The accompanying notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2009

	Notes	Group		Company	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment, Total	13	5,239	5,681	–	–
Investments in Subsidiaries	14	–	–	9,049	9,049
Other Receivables, Non-Current	15	–	–	1,500	–
Total Non-Current Assets		5,239	5,681	10,549	9,049
Current Assets					
Inventories	16	19,901	28,391	–	–
Trade and Other Receivables, Current	17	7,536	11,561	726	2,111
Other Assets, Current	18	70	87	10	6
Cash and Cash Equivalents	19	3,653	3,545	190	78
Total Current Assets		31,160	43,584	926	2,195
Total Assets		36,399	49,265	11,475	11,244
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share Capital	20	10,579	10,579	10,579	10,579
Retained Earnings		7,620	7,440	434	248
Other Reserves, Total		(45)	(27)	–	–
Equity, Attributable to Owners of the Parent, Total		18,154	17,992	11,013	10,827
Total Equity		18,154	17,992	11,013	10,827
Non-Current Liabilities					
Deferred Tax Liabilities	10	78	105	98	72
Other Financial Liabilities, Non-Current	21	6,137	3,774	–	–
Total Non-Current Liabilities		6,215	3,879	98	72
Current Liabilities					
Income Tax Payable, Current		200	689	4	–
Trade and Other Payables, Current	22	6,256	19,673	360	345
Other Financial Liabilities, Current	21	5,574	7,032	–	–
Total Current Liabilities		12,030	27,394	364	345
Total Liabilities		18,245	31,273	462	417
Total Equity and Liabilities		36,399	49,265	11,475	11,244

The accompanying notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2009

Group:	Total Equity $'000	Capital $'000	Retained Earnings $'000	Currency Translation Reserves $'000
Current Year:				
Opening Balance at 1 January 2009	17,992	10,579	7,440	(27)
Movement in Equity:				
Total Comprehensive Income for the Year	162	–	180	(18)
Closing Balance at 31 December 2009	18,154	10,579	7,620	(45)
Previous Year:				
Opening Balance at 1 January 2008	15,050	10,539	4,520	(9)
Movement in Equity:				
Total Comprehensive Income for the Year	2,902	–	2,920	(18)
Refund of Share Issue Expenses (Note 20)	40	40	–	–
Closing Balance at 31 December 2008	17,992	10,579	7,440	(27)

Company:	Total Equity $'000	Capital $'000	Retained Earnings $'000
Current Year:			
Opening Balance at 1 January 2009	10,827	10,579	248
Movement in Equity:			
Total Comprehensive Income for the Year	186	–	186
Closing Balance at 31 December 2009	11,013	10,579	434
Previous Year:			
Opening Balance at 1 January 2008	10,427	10,539	(112)
Movement in Equity:			
Total Comprehensive Income for the Year	360	–	360
Refund of Share Issue Expenses (Note 20)	40	40	–
Closing Balance at 31 December 2008	10,827	10,579	248

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2009

	Group	
	2009	2008
	$'000	$'000
Cash Flows From Operating Activities		
Profit Before Tax	219	3,459
Adjustments for:		
Interest Income	(1)	(12)
Interest Expense	960	1,362
Depreciation of Property, Plant and Equipment	481	506
Forward Contract Losses: Transactions Not Qualifying as Hedges	75	50
(Gain) / Loss on Disposal of Property, Plant and Equipment	(43)	74
Written off Plant and Equipment	22	–
Net Effect of Exchange Rate Changes in Consolidating Subsidiaries	8	38
Operating Cash Flows before Changes in Working Capital	1,721	5,477
Inventories	8,490	(6,595)
Trade and Other Receivables, Current	4,047	2,719
Other Assets, Current	17	(21)
Trade and Other Payables, Current	(13,492)	(2,546)
Net Cash Flows From (Used in) Operations Before Interest and Tax	783	(966)
Income Taxes Paid	(591)	(1,727)
Net Cash Flows From (Used in) Operating Activities	192	(2,693)
Cash Flows From Investing Activities		
Disposal of Plant and Equipment	78	449
Purchase of Plant and Equipment (Note 19)	(108)	(500)
Interest Received	1	12
Net Cash Flows Used in Investing Activities	(29)	(39)
Cash Flows From Financing Activities		
Decrease Other Financial Liabilities	(2,327)	(2,229)
Increase from New Borrowings	5,000	3,000
Interest Paid	(960)	(1,362)
Refund of Share Issue Expenses	–	40
Net Cash Flows From (Used in) Financing Activities	1,713	(551)
Net Increase (Decrease) in Cash and Cash Equivalents	1,876	(3,283)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	1,162	4,445
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance (Note 19A)	3,038	1,162

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

1. General

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the parent and the Group's subsidiaries.

The board of directors approved and authorised these financial statements for issue on 5 March 2010.

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.

Many countries in the region and elsewhere, including Singapore, are experiencing economic difficulties as a consequence of the current instability in the financial markets. This has resulted in fluctuations in foreign currency exchange rates, volatile share and commodity prices, uncertainty of the availability of bank finance to suppliers and customers and a slowdown in growth. The current financial crisis has affected and will continue to have an impact on the business, financial condition, results of operations, cash flows and prospects for the foreseeable future. The recoverability of the assets and the ability of the company to maintain or pay its debts as they mature are dependent to a large extent on the efficacy of the fiscal and other measures undertaken by these countries to achieve economic recovery. These measures are beyond the Company's control.

2. Summary of Significant Accounting Policies

Accounting Convention

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

Basis of Presentation

The consolidation accounting method is used for the consolidated financial statements that include the financial statements made up to the end of the reporting year 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 which is the date on which effective control is obtained of the acquired business until that control ceases. On disposal the attributable amount of goodwill if any is included in the determination of the gain or loss on disposal.

The Company's financial statements have been prepared on the same basis, and as permitted by the Companies Act, Cap. 50, no statement of comprehensive income is presented for the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

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

Basis of Preparation of the Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Revenue Recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the year arising from the course of the activities of the entity and it is shown net of any related sales taxes, estimated returns and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are of short duration is recognised when the services are completed. Interest is recognised using the effective interest method. Dividend from equity instruments is recognised as income when the entity's right to receive payment is established.

Employee Benefits

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund which is the Central Provident Fund in Singapore (a government managed retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Income Tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

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

Foreign Currency Transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Translation of Financial Statements of Other Entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the entity operates. In translating the financial statements of an investee for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items are translated at average rates of exchange for the year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that investee.

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 of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Freehold building	–	1%
Leasehold land and buildings	–	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 profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, 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 profit or loss when they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

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

Leases

Whether an arrangement is, or contains, a lease shall be based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each 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, 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 profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

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, an investment in a subsidiary is stated at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The net book value of a subsidiary is not necessarily indicative of the amounts that would be realised in a current market exchange.

Business Combinations

Business combinations are accounted for by applying the acquisition method. There were none during the year.

Impairment of Non-Financial Assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs 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 end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

Financial Assets

Initial recognition, measurement and derecognition of financial assets:

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

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.

Subsequent measurement:

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

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

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

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

Cash and Cash Equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

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

Hedging

The entity is exposed to currency and interest rate risks. The policy is to reduce currency and interest rate exposures through derivatives and other hedging instruments. From time to time, there may be borrowings and foreign exchange arrangements or interest rate swap contracts or similar instruments entered into as hedges against changes in interest rates, cash flows or the fair value of the financial assets and liabilities. These arrangements are not used for trading or speculative purposes. They are carried at fair value. The gain or loss from remeasuring these hedging or other arrangement instruments at fair value are recognised in profit or loss. The derivatives and other hedging instruments used are described below in the notes to the financial statements.

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 profit or loss. The gain or loss on the hedged item attributable to the hedged risk is also recognised in profit or loss. 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 profit or loss.

Derivatives

Derivatives: All derivatives are initially recognised and subsequently carried at fair value. The policy is to use derivatives only for non-speculative purposes. Accounting for derivatives engaged in hedging relationships is described in the above section. Certain derivatives are entered into in order to hedge some transactions and all the strict hedging criteria prescribed by FRS 39 are not met. In those cases, even though the transaction has its economic and business rationale, hedge accounting cannot be applied. As a result, changes in the fair value of those derivatives are recognised directly in profit or loss and the hedged item follows normal accounting policies.

Financial Liabilities

Initial recognition and measurement:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

Subsequent measurement:

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

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

2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

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

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.

Fair Value of Financial Instruments

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments. Disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting year. The fair value of a financial instrument is derived from an active market or by using an acceptable valuation technique. 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 an acceptable valuation technique. The fair value measurements are classified using a fair value hierarchy of 3 levels that reflects the significance of the inputs used in making the measurements, that is, Level 1 for the use of quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 for the use of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and Level 3 for the use of inputs for the asset or liability that are not based on observable market data (unobservable inputs). The level is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Where observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

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.

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. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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 profit or loss in the period they occur.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

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

Critical Judgements, Assumptions and Estimation Uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Allowance for doubtful accounts:
An allowance is made for doubtful trade accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management generally analyses trade accounts receivables and analyses historical bad debts, customer concentrations, customer creditworthiness, and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful trade accounts. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year.

Net realisable value of inventories:
A review is made periodically on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. These reviews require management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgment and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year was $19,901,000.

Property, plant and equipment:
The Group has property, plant and equipment stated at carrying value of $5,239,000. An assessment is made at each end of the reporting year 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 if applicable is determined based on value-in-use calculations. These calculations require the use of estimates. If the revised estimated gross margin is less favourable than that used in the calculations there would be a need to provide for impairment. 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 other factors which could change significantly as a result of innovations and competitor actions in response to 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 assets that have been abandoned. 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. The carrying amount of the class of assets at the end of the reporting year affected by the assumption is $4,687,000.

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

Critical Judgements, Assumptions and Estimation Uncertainties (Cont'd)

Income tax expense:
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 $200,000 and $78,000 respectively.

3. Related Party Transactions

FRS 24 defines a related party as 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. The definition includes parents, subsidiaries, fellow subsidiaries, associates, joint ventures and post-employment benefit plans, if any.

3.1 Related companies:

The Group is a subsidiary of Soon Tien Holdings Pte Ltd, incorporated in Singapore. Related companies in these financial statements include the members of the parent 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 related party balances are unsecured without fixed repayment terms and interest unless stated otherwise. For non-current balances if significant an interest is imputed unless stated otherwise 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.

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3. Related Party Transactions (Cont'd)

3.2 Other related parties (Cont'd):

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	
	2009 $'000	2008 $'000
Purchases of goods	5	–
Rental expense	–	102

3.3 Key management compensation:

	Group	
	2009 $'000	2008 $'000
Salaries and other short-term employee benefits	1,529	1,668

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

	Group	
	2009 $'000	2008 $'000
Remuneration of directors of the Company	843	947
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 personnel 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 directors and other key management personnel.

3. Related Party Transactions (Cont'd)

3.4 Other receivables from related parties:

The trade transactions and the trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

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

	Subsidiary	
Company:	**2009 $'000**	**2008 $'000**
Other receivable:		
Balance at beginning of the year – net debit	2,068	–
Amounts paid out and settlement of liabilities on behalf of another party	250	2,068
Amounts paid in and settlement of liabilities on behalf of the Company	(242)	–
Balance at end of the year – net of debit	2,076	2,068

4. Financial Information by Operating Segments

4A. Information about Reportable Segment Profit or Loss, Assets and Liabilities

FRS 108 Operating Segments was applied for the first time this year. FRS 108 requires the disclosure of information about operating segments, products and services, the geographical areas, and the major customers. It is a disclosure standard which results in a redesignation of the Group's reportable segments, but has no impact on the reported results or financial position of the Group. The segment information for the prior year that is reported as comparative information is restated to conform to the requirements of FRS 108.

For management purposes the group is organised into the following major strategic operating segments according to the industry in which their customers operates: (1) marine industry, (2) precision engineering (3) stockist and traders and (4) other customers. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information. They are managed separately because each business requires different strategies.

The segments and the types of products and services are as follows

(a) Marine industry;

(b) Precision engineering;

(c) Stockists and traders; and

(d) Other customers.

Inter-segment sales are measured on the basis that the entity actually uses to price the transfers. Internal transfer pricing policies of the Group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However the primary profitability measurement to evaluate segment's operating results comprises two major financial indicators: (1) earnings from operations before depreciation, interests and income taxes (called "Recurring EBITDA") and (2) operating result before interests and income taxes and other unallocated items (called "ORBIT").

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4. Financial Information by Operating Segments (Cont'd)

4B. Profit or Loss from Continuing Operations and Reconciliations

	Marine $'000	Precision engineering $'000	Stockists and traders $'000	Other customers $'000	Unallocated $'000	Group $'000
Continuing Operations 2009						
Revenue by Segment						
Total revenue by segment	14,329	10,055	3,020	1,533	–	28,937
Recurring EBITDA	3,810	2,347	530	197	–	6,884
Finance Costs					(960)	(960)
Depreciation					(481)	(481)
ORBIT	3,810	2,347	530	197	(1,441)	5,443
Other unallocated items					(5,224)	(5,224)
Profit before tax from continuing operations						219
Income tax expense						(39)
Profit from continuing operations						180
Continuing Operations 2008						
Revenue by Segment						
Total revenue by segment	26,282	12,852	4,030	1,386	–	44,550
RESULTS						
Recurring EBITDA	7,418	3,265	990	519	–	12,192
Finance Costs					(1,362)	(1,362)
Depreciation					(506)	(506)
ORBIT	7,418	3,265	990	519	(1,868)	10,324
Other unallocated items					(6,865)	(6,865)
Profit before tax from continuing operations						3,459
Income tax expense						(539)
Profit from continuing operations						2,920

The above revenue is mainly from aluminium alloy products.

4. Financial Information by Segments (Cont'd)

4C. Assets and Reconciliations

	Marine $'000	Precision engineering $'000	Stockists and traders $'000	Other customers $'000	Unallocated $'000	Group $'000
2009						
Total assets for reportable segments	4,919	1,803	472	160	–	7,354
Unallocated:						
Property, plant and equipment					5,239	5,239
Inventories					19,901	19,901
Cash and cash equivalents					3,653	3,653
Other unallocated amounts					252	252
Total group assets	4,919	1,803	472	160	29,045	36,399
2008						
Total assets for reportable segments	7,202	2,792	613	737	–	11,344
Unallocated:						
Property, plant and equipment					5,681	5,681
Inventories					28,391	28,391
Cash and cash equivalents					3,545	3,545
Other unallocated amounts					304	304
Total group assets	7,202	2,792	613	737	37,921	49,265

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

4D. Liabilities and Reconciliations

2009						
Unallocated:						
Deferred and current tax liabilities					278	278
Borrowings					11,711	11,711
Trade and other payables					6,256	6,256
Total group liabilities	–	–	–	–	18,245	18,245
2008						
Unallocated:						
Deferred and current tax liabilities					794	794
Borrowings					10,806	10,806
Trade and other payables					19,673	19,673
Total group liabilities	–	–	–	–	31,273	31,273

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

NOTES TO THE FINANCIAL STATEMENTS

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4. Financial Information by Segments (Cont'd)

4E. Other Material Items and Reconciliations

	Marine $'000	Precision engineering $'000	Stockists and traders $'000	Other customers $'000	Unallocated $'000	Group $'000
2009						
Impairment of receivables	657	25	5	–	(8)	679
Impairment of inventories (Reversal)					(766)	(766)
Expenditures for non-current assets	–	–	–	–	108	108
2008						
Impairment of receivables	986	282	–	–	(8)	1,260
Impairment of inventories (Reversal)	–	–	–	–	1,246	1,246
Expenditures for non-current assets	–	–	–	–	781	781

Expenditure for non-current assets is not allocated to the respective operating segment as the plant and equipment of the Group are general purpose equipment that can be used to undertake production of aluminium alloys to the different market segments.

4F. Geographical Information

The following table provides an analysis of the revenue by geographical market, irrespective of the origin of the goods and services:

	Revenue		Non-current assets	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Singapore	7,268	15,307	4,459	4,825
Malaysia	9,952	15,104	780	856
Korea	3,309	3,098	–	–
Pakistan	1,714	1,289	–	–
Indonesia	1,696	3,000	–	–
China	1,484	–	–	–
UAE	1,189	2,109	–	–
Philippines	141	1,474	–	–
Other Countries	2,184	3,169	–	–
	28,937	44,550	5,239	5,681

Revenues are attributed to countries on the basis of the customers' location. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts.

4. Financial Information by Segments (Cont'd)

4G. Information About Major Customers

	2009 $'000	2008 $'000
Top 1 customer in marine segment	6,698	7,442

5. Revenue

	Group	
	2009 $'000	2008 $'000
Sale of goods	28,832	44,254
Other	105	296
	28,937	44,550

6. Interest Income

	Group	
	2009 $'000	2008 $'000
Interest income	1	12

7. Other Credits and (Other Charges)

	Group	
	2009 $'000	2008 $'000
Allowance for impairment on trade receivables – loss	(800)	(1,305)
Allowance for impairment on trade receivables – reversal	113	44
Allowance for impairment on other receivables – reversal	8	1
Foreign exchange adjustment (losses) / gains	(727)	242
Forward contracts losses: transactions not qualifying as hedges	(75)	(50)
Inventories written down reversal / (written down)	766	(1,246)
Gain/(Loss) on disposal of property, plant and equipment	43	(74)
Government grant income from jobs credit scheme	70	–
Plant and equipment written off	(22)	–
	(624)	(2,388)
Presented in the profit or loss as:		
Other Credits	1,000	287
Other Charges	(1,624)	(2,675)
Net	(624)	(2,388)

NOTES TO THE FINANCIAL STATEMENTS

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8. Finance Costs

	Group	
	2009 $'000	2008 $'000
Interest expense	960	1,362

9. Employee Benefits Expense

	Group	
	2009 $'000	2008 $'000
Employee benefits expense	2,434	2,639
Contributions to defined contribution plan	150	169
Other benefits	103	151
Total employee benefits expense	2,687	2,959

10. Income Tax

10A. Components of tax expense recognised in profit or loss include:

	Group	
	2009 $'000	2008 $'000
Current tax expense:		
Current tax expense	77	672
Under adjustments to tax in respect of prior periods	3	–
Subtotal	80	672
Deferred tax income:		
Deferred tax income	(41)	(37)
Over adjustments to tax in respect of prior periods	–	(96)
Subtotal	(41)	(133)
Total income tax expense	39	539

10. Income Tax (Cont'd)

10A. Components of tax expense recognised in profit or loss include (cont'd):

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate where the parent is domiciled. The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2008: 18%) to profit or loss before income tax as a result of the following differences:

	Group	
	2009 $'000	2008 $'000
Profit Before Tax	219	3,459
Income tax expense at the above rate	37	623
Not deductible items	44	75
Tax exemptions	(30)	(49)
Under / (Over) adjustments to tax in respect of prior periods	3	(96)
Change in tax rates	(8)	–
Effect of different tax rates in different countries	(7)	(1)
Other minor items less than 3% each	–	(13)
Total income tax expense	39	539

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

In 2010, the government enacted a change in the national income tax rate from 18% to 17%.

10B. Deferred tax income recognised in profit or loss include:

	Group	
	2009 $'000	2008 $'000
Excess of tax values over net book value of plant and equipment	(41)	(133)
Total deferred income tax income recognised in profit or loss	(41)	(133)

10C. Deferred tax balance in the statement of financial position:

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Deferred tax liabilities recognised in profit or loss:				
Excess of net book value of plant and equipment over tax values	78	105	–	–
Financial guarantee fee income	–	–	98	72
Total	78	105	98	72

Presented in the statement of financial position as follows:

Deferred tax liabilities	78	105	98	72

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

NOTES TO THE FINANCIAL STATEMENTS

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11. Items in Profit or Loss

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

	Group	
	2009 $'000	2008 $'000
Other fees to Independent auditors		
- Company's Independent Auditors	21	21
- Other Independent auditors	1	2

12. Earnings Per Share

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share of no par value:

		Group	
		2009 $'000	2008 $'000
A.	Numerators: earnings attributable to equity:		
	Continuing operations: attributable to equity holders	180	2,920
B.	Total basic earnings	180	2,920
C.	Diluted earnings	180	2,920
D.	Denominators: weighted average number of equity shares		
	Basic	108,000	108,000
E.	Diluted	108,000	108,000

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

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

13. Property, Plant and Equipment

Group	Freehold properties $'000	Leasehold property and improvement $'000	Plant and equipment $'000	Total $'000
Cost:				
At 1 January 2008	598	3,502	3,538	7,638
Additions	–	–	781	781
Disposals	–	–	(825)	(825)
Foreign exchange adjustments	(21)	–	(14)	(35)
At 31 December 2008	577	3,502	3,480	7,559
Additions	–	–	108	108
Disposals	–	–	(163)	(163)
Foreign exchange adjustments	(6)	–	(6)	(12)
At 31 December 2009	571	3,502	3,419	7,492
Accumulated depreciation:				
At 1 January 2008	10	294	1,370	1,674
Depreciation for the year	5	71	430	506
Disposals	–	–	(302)	(302)
At 31 December 2008	15	365	1,498	1,878
Depreciation for the year	4	71	406	481
Disposals	–	–	(106)	(106)
At 31 December 2009	19	436	1,798	2,253

Net book value:

	Freehold properties $'000	Leasehold property and improvement $'000	Plant and equipment $'000	Total $'000
At 1 January 2008	588	3,208	2,168	5,964
At 31 December 2008	562	3,137	1,982	5,681
At 31 December 2009	552	3,066	1,621	5,239

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

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

The depreciation expense is charged as follows:

	Group	
	2009 $'000	2008 $'000
Cost of sales	246	245
Administrative expenses	235	261
	481	506

The group's freehold properties and leasehold property are mortgaged to the banks for credit facilities and term loan as disclosed in Note 21.

Motor vehicles with a net book value of $492,000 (2008: $564,000) are registered in the names of the directors who hold the assets in trust for the company.

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

14. Investments in Subsidiaries

	Company	
	2009 $'000	2008 $'000
Unquoted shares at cost	9,049	9,049
Net book value of subsidiaries	16,251	16,309
Analysis of above amount denominated in non-functional currency:		
Malaysia Ringgit	605	605

The subsidiaries held by the company are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities	Cost in Books of Group		Effective Percentage of Equity Held	
	2009 $'000	2008 $'000	2009 %	2008 %
Soon Lian Hardware (Pte.) Ltd. Singapore Supplier of aluminium alloy products	8,444	8,444	100	100
Soon Lian Hardware (M) Sdn. Bhd. (a) Malaysia Supplier of aluminium alloy products	605	605	100	100

(a) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their name is Crowe Horwath Johor Bahru.

15. Other Receivables, Non-Current

	Company	
	2009 $'000	2008 $'000
Loan receivable from subsidiary	1,500	–

The amount receivable from subsidiary is unsecured and interest-free. The company has no intention to call back the loan. The loan is considered to be quasi-equity loan.

16. Inventories

	Group	
	2009 $'000	2008 $'000
Finished goods and goods for resale	19,901	28,391
Inventories are stated after allowance. Movements in allowance:		
Balance at beginning of the year	1,246	–
(Reversed) charge to profit or loss included in other credits / (charges) (a)	(88)	1,246
Used (b)	(678)	–
Balance at end of the year	480	1,246

(a) The reversal is for goods with an estimated increase in net realisable value.

(b) This is for goods sold in 2009 for which allowance were made in 2008.

	2009 $'000	2008 $'000
The write-downs of inventories charged to profit or loss included in other charges	–	1,246
The write-downs of inventories reversed to profit or loss included in other credits	(766)	–
Changes in inventories of finished goods (increase)	8,490	(6,595)
Purchase of inventories	11,563	38,023

There are no inventories pledged as security for liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

17. Trade and Other Receivables, Current

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Trade receivables:				
Outside parties	9,352	12,659	–	–
Less allowance for impairment	(1,999)	(1,315)	–	–
Subsidiary (Note 3)	–	–	107	–
Subtotal	7,353	11,344	107	–
Other receivables:				
Subsidiary (Note 3)	–	–	576	2,068
Related party (Note 3)	–	*	–	*
Deposits to secure services	93	150	–	–
Current tax recoverable	47	–	–	–
Other receivables	109	141	43	43
Less allowance for impairment	(66)	(74)	–	–
Subtotal	183	217	619	2,111
Total trade and other receivables	7,536	11,561	726	2,111
Movements in above allowance:				
Balance at beginning of the year	1,389	478	–	–
Charge for trade receivables to profit or loss included in other charges	800	1,305	–	–
Reversed for trade receivables to profit or loss included in other credits	(113)	(44)	–	–
Reversal for other receivables to profit or loss included in other credits	(8)	(1)	–	–
Used / Bad debts written off	–	(349)	–	–
Foreign exchange adjustments	(3)	–	–	–
Balance at end of the year	2,065	1,389	–	–

* less than $1,000

18. Other Assets, Current

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Prepayments	70	87	10	6

19. Cash and Cash Equivalents

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Not restricted in use	3,653	3,545	190	78

The interest earning balances are not significant.

19A. Cash and Cash Equivalents in Statement of Cash Flows:

	Group	
	2009 $'000	2008 $'000
Amount as shown above	3,653	3,545
Bank overdrafts (Note 21)	(615)	(2,383)
Cash and cash equivalents for statement of cash flows purpose at end of the year	3,038	1,162

19B. Non-Cash Transaction:

In year 2008, there were acquisitions of plant and equipment with a total cost of $281,000 acquired by means of finance leases.

20. Share Capital

	Number of shares issued '000	Share capital $'000
Group and Company		
Ordinary shares of no par value:		
Balance at beginning of year 1 January 2008	108,000	10,539
Refund of share issue expenses	–	40
Balance at end of the year 31 December 2008 and 31 December 2009	108,000	10,579

The ordinary shares of no par value which are fully paid carry no right to fixed income. The company is not subject to any externally imposed capital requirement except as mentioned below:

In order to maintain its listing on the Singapore Stock Exchange it has to have share capital with 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 throughout the year. Management receives a report from the registrars frequently on substantial share interests showing the non-free float and it demonstrated continuing compliance with the 10% limit throughout the year.

NOTES TO THE FINANCIAL STATEMENTS

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20. Share Capital (Cont'd)

Capital Management:

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

The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, and retained earnings and currency translations reserves).

	2009 $'000	2008 $'000
Net debt:		
All current and non-current borrowings including finance leases	15,931	25,472
Less cash and cash equivalents	(3,653)	(3,545)
Net debt	12,278	21,927
Adjusted capital:		
Total equity	18,154	17,992
Adjusted capital	18,154	17,992
Debt-to-adjusted capital ratio	0.68	1.22

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

21. Other Financial Liabilities

	Group	
	2009 $'000	2008 $'000
Non-current:		
Term loans (secured) (Note 21B)	2,975	3,160
Term loans (unsecured) (Note 21B)	3,082	448
Finance leases (Note 21C)	80	166
Non-current, total	6,137	3,774
Current:		
Bank overdrafts (secured) (Note 21A)	8	7
Bank overdrafts (unsecured) (Note 21A)	607	2,376
Bank loans (unsecured) (Note 21A)	3,023	3,025
Term loans (secured) (Note 21B)	174	157
Term loans (unsecured) (Note 21B)	1,678	1,338
Finance leases (Note 21C)	84	129
Current, total	5,574	7,032
Total	11,711	10,806

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

	2009	2008
Bank overdrafts (secured)	7.50%	7.50%
Bank overdrafts (unsecured)	5.25% to 6.75%	5.25% to 6.75%
Bank loans (unsecured)	3.75% to 3.89%	3.60% to 6.50%
Term loans (secured)	4.75% to 5.85%	4.75% to 6.75%
Term loans (unsecured)	5.00% to 5.50%	5.50%

21A. Bank Loans and Bank Overdrafts

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

1. The legal mortgage over a subsidiary's freehold property (Note 13);
2. Corporate guarantee from Soon Lian Holdings Limited; and
3. Joint and several guarantee from certain directors of the Company.

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21. Other Financial Liabilities (Cont'd)

21B. Term Loans

	Group 2009 $'000	Group 2008 $'000
Term loan 1 (secured) (a)	893	951
Term loan 2 (unsecured) (d)	459	1,786
Term loan 3 (secured) (b)	1,959	2,055
Term loan 4 (secured) (c)	296	311
Bridging loan 1 (unsecured) (d)	2,609	–
Bridging loan 2 (unsecured) (d)	1,692	–
	7,908	5,103

	Group 2009 $'000	Group 2008 $'000
The non-current portion is repayable as follows:		
Due within 2 to 5 years	3,987	1,207
After 5 years	2,070	2,401
Total non-current portion	6,057	3,608

(a) Term loan 1 is repayable by 240 equal monthly instalments commencing May 2002. This is secured by a first and legal mortgage on a related party's freehold properties.

(b) Term loan 3 is repayable by 240 equal monthly instalments commencing December 2003. This is secured by a first and legal mortgage on the Company's leasehold property (Note 13).

(c) Term loan 4 is repayable by 240 equal monthly instalments commencing November 2006. This is secured by a first and legal charge on freehold property of Soon Lian (M) Sdn Bhd (Note 13) and a joint and several personal guarantees of certain directors of the Company.

(d) The number of monthly repayment and commencing date for term loan 2, bridging loan 1 and 2 are as follows:

	Monthly equal instalments	Commencing date
Term loan 2	18	November 2008
Bridging loan 1	48	May 2009
Bridging loan 2	48	May 2009

These are secured by corporate guarantee from Soon Lian Holdings Limited.

21. Other Financial Liabilities (Cont'd)

21C. Finance Leases

Group 2009	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	92	(8)	84
Due within 2 to 5 years	90	(10)	80
Total	182	(18)	164
Net book value of plant and equipment under finance leases			436

2008	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	140	(11)	129
Due within 2 to 5 years	184	(18)	166
Total	324	(29)	295
Net book value of plant and equipment under finance leases			563

There are leases for certain of its plant and equipment under finance leases. The average lease term is 2 – 4 years. The rate of interest for finance leases is about 2.33% to 4.37% (2008: 2.33% to 4.37%) per year. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in S$. The obligations under finance leases are secured by the lessor's charge over the leased assets.

22. Trade and Other Payables, Current

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Trade payables:				
Outside parties and accrued liabilities	1,907	4,841	359	345
Bills payables to banks (a)	4,220	14,666	–	–
Related parties (Note 3)	*	–	–	–
Subtotal	6,127	19,507	359	345
Other payables:				
Other payables	129	166	1	–
Subtotal	129	166	1	–
Total trade and other payables	6,256	19,673	360	345

(a) The range of floating interest rates was 1.49% to 5.25% (2008: 3.25% to 7.44%) per annum.

* less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

23. Derivatives Financial Instruments and Hedge Accounting

23A. Forward Currency Contracts

This includes the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

	Contractual amount $'000	Maturity	Fair Value $'000
2009			
Purchase United States dollars for Singapore dollars	1,265	25 March 2010 to 14 April 2010	(75)
2008			
Purchase United States dollars for Singapore dollars	7,681	06 January 2009 to 15 April 2009	(50)

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

23B. Fair value of Derivatives Financial Instruments

The fair value of foreign currency contracts is based on the current value of the difference between the contractual exchange rate and the market rate at the end of the reporting year. The fair value is regarded as a level 2 fair value measurement for financial instruments (Note 24C.2).

24. Financial Instruments: Information on Financial Risks

24A. Classification of Financial Assets and Liabilities

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

	Group	
	2009 $'000	**2008 $'000**
Financial assets:		
Cash and cash equivalents	3,653	3,545
Loans and receivables	7,443	11,411
At end of the year	11,096	14,956
Financial liabilities:		
Borrowings at amortised cost	11,711	10,806
Financial liabilities at fair value through profit or loss designated as such upon initial recognition (included in other payables)	75	50
Trade and other payables at amortised cost	6,181	19,623
At end of the year	17,967	30,479

	Company	
	2009 $'000	**2008 $'000**
Financial assets:		
Cash and cash equivalents	190	78
Loans and receivables	2,226	2,111
At end of the year	2,416	2,189
Financial liabilities:		
Trade and other payables at amortised cost	360	345
At end of the year	360	345

Further quantitative disclosures are included throughout these financial statements.

24B. Financial Risk Management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. The main risks arising from the entity's financial instruments are credit risk, interest risk, liquidity risk, foreign currency risk and market price risk comprising interest rate and currency risk exposures. The management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.

2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

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

24B. Financial Risk Management (Cont'd)

3. Enter into derivatives or any other similar instruments solely for hedging purposes.

4. All financial risk management activities are carried out and monitored at central level by senior management staff.

5. All financial risk management activities are carried out following good market practices.

The chief financial officer who monitors the procedures reports to the board. Checks by management are conducted to ensure that the policies and procedures are followed in practice.

24C. Fair Values of Financial Instruments

24C.1. Fair value of financial instruments stated at amortised cost in the statement of financial position

The financial assets and financial liabilities at amortised cost are at a carrying amount that is a reasonable approximation of fair value.

24C.2. Fair value measurements recognised in the statement of financial position

The fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The levels are: Level1: quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Balances recognised at fair value in the statement of financial position included fair value of foreign currency contracts $75,000. They were measured at level 2 of the fair value hierarchy.

24D. Credit Risk on Financial Assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial instruments; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any loan payable commitment at the end of the reporting year. Credit risk on cash balances with banks and any derivative financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk 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. There is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements below.

All unencumbered bank deposits with the banks licensed by the Monetary Authority of Singapore are guaranteed by the Singapore Government until 31 December 2010.

Note 19 discloses the maturity of the cash and cash equivalents balances.

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

24D. Credit Risk on Financial Assets (Cont'd)

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 90 days (2008: 30 to 90 days). But some customers take a longer period to settle the amounts.

(a) Ageing analysis of the age of trade receivable amount that are past due as at the end of reporting year but not impaired:

	2009 $'000	**2008 $'000**
Trade receivables:		
Less that 30 days	850	2,643
31 - 60 days	299	2,141
61 - 90 days	308	964
91 - 180 days	2,834	1,244
Over 180 days	286	1,391
At end of the year	4,577	8,383

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

	2009 $'000	**2008 $'000**
Trade receivables:		
Less that 30 days	167	–
31 - 60 days	10	–
61 - 90 days	–	–
91 - 180 days	146	14
Over 180 days	1,676	1,301
At end of the year	1,999	1,315

The allowance which is disclosed in the Note 17 on trade receivables is based on individual accounts totaling $1,999,000 (2008: $1,315,000) that are determined to be impaired at the end of reporting year. These are not secured.

Other receivables are normally with no fixed terms and therefore there is no maturity.

Concentration of trade receivable customers as at the end of the reporting year:

	2009 $'000	**2008 $'000**
Top 1 customer	3,788	2,927
Top 2 customers	4,300	5,169
Top 3 customers	4,608	5,998

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

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

24E. Liquidity Risk

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

	Less than 1 year	2 – 5 years	Over 5 years	Total
Group				
Non-derivative financial liabilities:	**$'000**	**$'000**	**$'000**	**$'000**
2009:				
Gross borrowing commitments	5,833	4,573	2,626	13,032
Gross finance lease obligations	92	90	–	182
Trade and other payables	6,181	–	–	6,181
At end of the year	12,106	4,663	2,626	19,395

	Less than 1 year	2 – 5 years	Over 5 years	Total
Non-derivative financial liabilities:	**$'000**	**$'000**	**$'000**	**$'000**
2008:				
Gross borrowing commitments	7,130	1,778	3,037	11,945
Gross finance lease obligations	140	184	–	324
Trade and other payables	19,623	–	–	19,623
At end of the year	26,893	1,962	3,037	31,892

	Trade and other payables	
Company	**2009 $'000**	**2008 $'000**
Non-derivative financial liabilities:		
Less than 1 year	360	345
At end of the year	360	345

The following table analyses the derivative financial liabilities by remaining contractual maturity:

Group	**Less than 1 year**
Derivative financial liabilities:	**$'000**
2009:	
Foreign currency forward contracts	75
At end of the year	75

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

24E. Liquidity Risk (Cont'd)

	Less than 1 year
Derivative financial liabilities:	**$'000**
2008:	
Foreign currency forward contracts	50
At end of the year	50

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay. For financial guarantee contracts the maximum earliest period in which the guarantee could be called is used.

The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 30 to 90 days (2008: 30 to 90 days). The other payables are with short-term durations. Apart from the classification of the assets in the statement of financial position, no further analysis is deemed necessary.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

Bank facilities:

	Group	
	2009 $'000	**2008 $'000**
Undrawn borrowing facilities	43,582	26,256

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

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

24F. Interest Rate Risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rate. The interest from financial assets including cash balances is not significant.

The interest rates on financial liabilities are disclosed in the respective notes 21 and 22.

Sensitivity analysis:

	Group	
	2009 **$'000**	**2008** **$'000**
Financial liabilities:		
A hypothetical increase in interest rates by 10 basis points with all other variables held constant, would have an adverse effect on post-tax profit for the year by	16	25
A hypothetical decrease in interest rates by 10 basis points with all other variables held constant, would have a favourable effect on post-tax profit for the year by	(16)	(25)

The analysis has been performed separately for fixed interest rate and floating interest rate financial instruments. The impact of a change in interest rates on fixed interest rate financial instruments has been assessed in terms of changing of their fair value. The impact of a change in interest rates on floating interest rate financial instruments has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expenses. The hypothetical changes in basis points are not based on observable market data (unobservable inputs).

24G. Foreign Currency Risks

Analysis of above amount denominated in non-functional currency:

		Group	
Financial assets:	**Cash**	**Loans and Receivables**	**Total**
	$'000	**$'000**	**$'000**
At 31 December 2009:			
US dollars	2,193	1,583	3,776
Malaysia Ringgit	98	394	492
At 31 December 2008:			
US dollars	740	1,129	1,869
Malaysia Ringgit	115	588	703

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

24G. Foreign Currency Risks (Cont'd)

	Group			
Financial liabilities:	**Other financial liabilities $'000**	**Finance leases $'000**	**Trade and other payables $'000**	**Total $'000**
At 31 December 2009:				
US dollars	–	–	4,674	4,674
Malaysia Ringgit	304	45	64	413
At 31 December 2008:				
US dollars	–	–	17,302	17,302
Malaysia Ringgit	318	80	37	435

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

Sensitivity analysis:

	Group	
	2009 $'000	**2008 $'000**
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the US$ with all other variables held constant would have a favourable effect on profit before tax of	90	1,681
A hypothetical 10% weakening in the exchange rate of the functional currency $ against the US$ with all other variables held constant would have a adverse effect on profit before tax of	(90)	(1,681)

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each currency to which the entity has significant exposure. The analysis above has been carried out on the following basis:

1. Without taking into consideration hedged transactions.

   In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

NOTES TO THE FINANCIAL STATEMENTS

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25. Capital Commitments

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

	Group	
	2009 **$'000**	**2008** **$'000**
Commitments to purchase of plant and equipment	–	47

26. Operating Lease Payment Commitments

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	Group	
	2009 **$'000**	**2008** **$'000**
Not later than one year	452	509
Later than one year and not later than five years	233	670
Later than five years	2,216	2,549
Rental expense for the year	477	456

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

- 9 Gul Circle
  The lease from Transware Distribution Services Pte Ltd is for 2 years and 4 months from 1 September 2008.

Workers' domitory

- 9 Kian Teck Way
  The lease from Eng Lee Engineering Pte Ltd is for 12 month from 1 August 2009.

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

27. Changes and Adoption of Financial Reporting Standards

For the year ended 31 December 2009 the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 1	Presentation of Financial Statements (Revised)
FRS 18	Revenue (Amendments)
FRS 23	Borrowing Costs (Amendments)
FRS 32	Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation (Amendments) (*)
FRS 27	Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (Amendments)
FRS 102	Share-based Payment – Vesting Conditions and Cancellations (Amendments) (*)
FRS 103	Business Combinations and consecutive amendments in other FRSs (Revised)
FRS 107	Financial Instruments: Disclosures (Amendments)
FRS 108	Operating Segments
INT FRS 109	Reassessment of Embedded Derivatives and FRS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives (Amendments) (*)
INT FRS 113	Customer Loyalty Programs (*)
INT FRS 116	Hedges of a Net Investment in a Foreign Operation (*)
INT FRS 117	Distributions of Non-cash Assets to Owners (*)
INT FRS 118	Transfers of Assets from Customers (*)

(*) Not relevant to the entity.

The main objective of revising FRS 1 was to aggregate information in the financial statements on the basis of shared characteristics. All owner changes in equity is presented in the statement of changes in equity, separately from non-owner changes in equity. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other FRSs. It introduces a requirement to include in a complete set of financial statements, a statement of financial position as at the beginning of the earliest comparative period whenever the entity retrospectively applies an accounting policy or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2009

28. Future Changes in Financial Reporting Standards

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

FRS No.	Title	Effective date for periods beginning on or after
FRS 38	Intangible Assets (Amendments) (*)	01.07.2009
FRS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Item (Amendments)	01.07.2009
FRS 102	Share-based Payment (Amendments) (*)	01.07.2009
FRS 105	Non-current Assets Held for Sale and Discontinued Operations (Amendments)	01.07.2009
INT FRS 109	Reassessment of Embedded Derivatives (Amendments) (*)	01.07.2009
INT FRS 116	Hedges of a Net Investment in a Foreign Operation (Amendments) (*)	01.07.2009
INT FRS 117	Distributions of Non-cash Assets to Owners (*)	01.07.2009
INT FRS 118	Transfers of Assets from Customers (*)	01.07.2009
FRS 1	Presentation of Financial Statements (Amendments)	01.01.2010
FRS 7	Statement of Cash Flows (Amendments)	01.01.2010
FRS 17	Leases (Amendments)	01.01.2010
FRS 36	Impairment of Assets (Amendments)	01.01.2010
FRS 39	Financial Instruments: Recognition and Measurement (Amendments)	01.01.2010
FRS 105	Non-current Assets Held for Sale and Discontinued Operations (Amendments) (*)	01.01.2010
FRS 108	108 Operating Segments (Amendments)	01.01.2010

(*) Not relevant to the entity.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2010

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 AS AT 18 MARCH 2010

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	0	0.00	0	0.00
1,000 – 10,000	330	66.53	1,782,000	1.65
10,001 – 1,000,000	158	31.86	16,499,000	15.28
1,000,001 and above	8	1.61	89,719,000	83.07
Total	**496**	**100.00**	**108,000,000**	**100.00**

Shareholding held by the public

Based on the information available to the Company as at 18 March 2010, 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 SHAREHOLDINGS AS AT 18 MARCH 2010

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	4,226,000	3.91
4	KIM ENG SECURITIES PTE. LTD.	2,255,000	2.09
5	SIA LING SING	1,713,000	1.59
6	NG KIM YING	1,600,000	1.48
7	TAN EE HOON	1,012,500	0.94
8	TAN EE TIN	1,012,500	0.94
9	ANG YU SENG	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	ANG DE YU	600,000	0.56
15	TAN SOON YONG JANE	515,000	0.48
16	LEE TIAM NAM	500,000	0.46
17	LIM BOK TECK	455,000	0.42
18	SOK HANG CHAW	450,000	0.42
19	TAN LAY PENG	400,000	0.37
20	UNITED OVERSEAS BANK NOMINEES PTE LTD	346,000	0.32
	TOTAL:	**97,883,000**	**90.64**

STATISTICS OF SHAREHOLDINGS

As at 18 March 2010

SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2010

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 (1)(2)	998,334	0.92	73,300,000	67.87
Tan Yee Ho (1)	998,333	0.92	72,900,000	67.50
Tan Yee Leong (1)	998,333	0.92	72,900,000	67.50

Notes:

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

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2010 Annual General Meeting of the shareholders of the Company will be held at 45 Joo Koon Circle Singapore 629106 on Friday, 23 April 2010 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 2009. **Resolution 1**

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

   Mr Tan Yee Chin (Article 104)

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

   Mr Lee Sen Choon (Article 104)

   [Mr Lee Sen Choon shall, upon re-election as Director of the Company, remain as Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. Mr Lee Sen Choon shall be considered independent for the purpose of Rule 704(7) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist]

3. To approve the Directors' fees of $70,000 for the year ended 31 December 2009. **Resolution 4**

4. To re-appoint Messrs RSM Chio Lim LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **Resolution 5**

AS SPECIAL BUSINESS

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

5. **Proposed Share Issue Mandate** **Resolution 6**

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

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

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held whichever is earlier."

[See Explanatory Note (i)]

6. **Authority to issue shares other than on a pro-rata basis pursuant to the aforesaid share issue mandate at discounts not exceeding twenty per centum (20%) of the weighted average price for trades done on SGX-ST** **Resolution 7**

"That subject to and pursuant to the aforesaid share issue mandate being obtained, the Directors of the Company be hereby authorised and empowered to issue shares other than on a pro-rata basis at a discount not exceeding twenty per centum (20%) to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement in relation to such shares is executed (or if not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the placement or subscription agreement is executed), provided that :-

(a) in exercising the authority conferred by this Resolution, the Company complies with the provisions of the Rules of Catalist for the time being in force (unless such compliance has been waived by the SGX-ST); and

(b) 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 of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, or 31 December 2010 or such other deadline as may be extended by SGX-ST whichever is earlier."

[See Explanatory Note (ii)]

NOTICE OF ANNUAL GENERAL MEETING

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

Explanatory Notes:

(i) The proposed Resolution 6 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 50% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(ii) The proposed Resolution 7 above is pursuant to measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 which became effective on 20 February 2009 and will expire on 31 December 2010 unless extended. Under the measures implemented by the SGX-ST, issuers will be allowed to undertake non pro-rata placements of new shares priced at discounts of up to 20% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such shares is executed, subject to the conditions that (a) shareholders' approval be obtained in a separate resolution (the "Resolution") at a general meeting to issue new shares on a non pro-rata basis at discount exceeding 10% but not more than 20%; and (b) that the resolution seeking a general mandate from shareholders for issuance of new shares on a non pro-rata basis is not conditional upon the Resolution.

It should be noted that under the Rules of Catalist, shareholders' approval is not required for placements of new shares, on a non pro-rata basis pursuant to a general mandate, at a discount of up to 10% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such shares is executed.

BY ORDER OF THE BOARD

Ng Kim Ying
Company Secretary

Singapore

Date : 7 April 2010

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.

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SOON LIAN HOLDINGS LIMITED
Registration No. 200416295G
(Incorporated in Singapore)

IMPORTANT

1. This Annual Report is also forwarded to investors who have used their CPF monies to buy shares in the Company at the request of their CPF Approved Nominees, and is sent solely for their information only.
2. The Proxy form is, therefore, not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

I/We ____

of ____

being a member(s) of Soon Lian Holdings Limited (the "Company"), hereby appoint:

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and if necessary, to demand a poll at the 2010 Annual General Meeting of the Company to be held on Friday, 23 April 2010 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 2009		
2	Re-election of Mr Tan Yee Chin as Director		
3	Re-election of Mr Lee Sen Choon as Director		
4	Approval of Directors' fees for the year ended 31 December 2009		
5	Re-appointment of RSM Chio Lim LLP as Auditors		
6	Proposed Share Issue Mandate		
7	Authority to issue shares other than on a pro-rata basis pursuant to the aforesaid share issue mandate at discounts not exceeding twenty per centum (20%) of the weighted average price for trades done on SGX-ST		

Signed this ______day of ______________ 2010

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.

www.soonlian.com

SOON LIAN
HOLDINGS LIMITED
順聯控股有限公司

Soon Lian Holdings Limited
Company registration no. 200416295G

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