SOON LIAN
HOLDINGS LIMITED
順聯控股有限公司

INTEGRATING OUR BUSINESS

ANNUAL REPORT 2012

CONTENTS

CORPORATE PROFILE

Listed on the SGX Catalist, Soon Lian Holdings Limited is a specialist supplier of aluminium alloy products with an established track record of more than 25 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 93.6% of our revenue in FY 2012. 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 Hulamin 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 ISO 9001:2008 certification in April 2002. We were awarded Enterprise 50 Award Winner 2007 by Accenture and The Business Times on 23 November 2007. We have also been listed as a Singapore 1000 company by DP Information Group along with their partners Ernst & Young Solutions, ACRA, IDA Singapore, IE Singapore, SPRING Singapore and Singapore Business Federation (SBF) in 2013. These accolades are a clear recognition of our growth and regionalisation efforts made over the years.

BUSINESS SEGMENTS AND INDUSTRIES

Oil and Gas

Used in offshore oil and gas industry as crew boats and rescue boats.

Marine

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

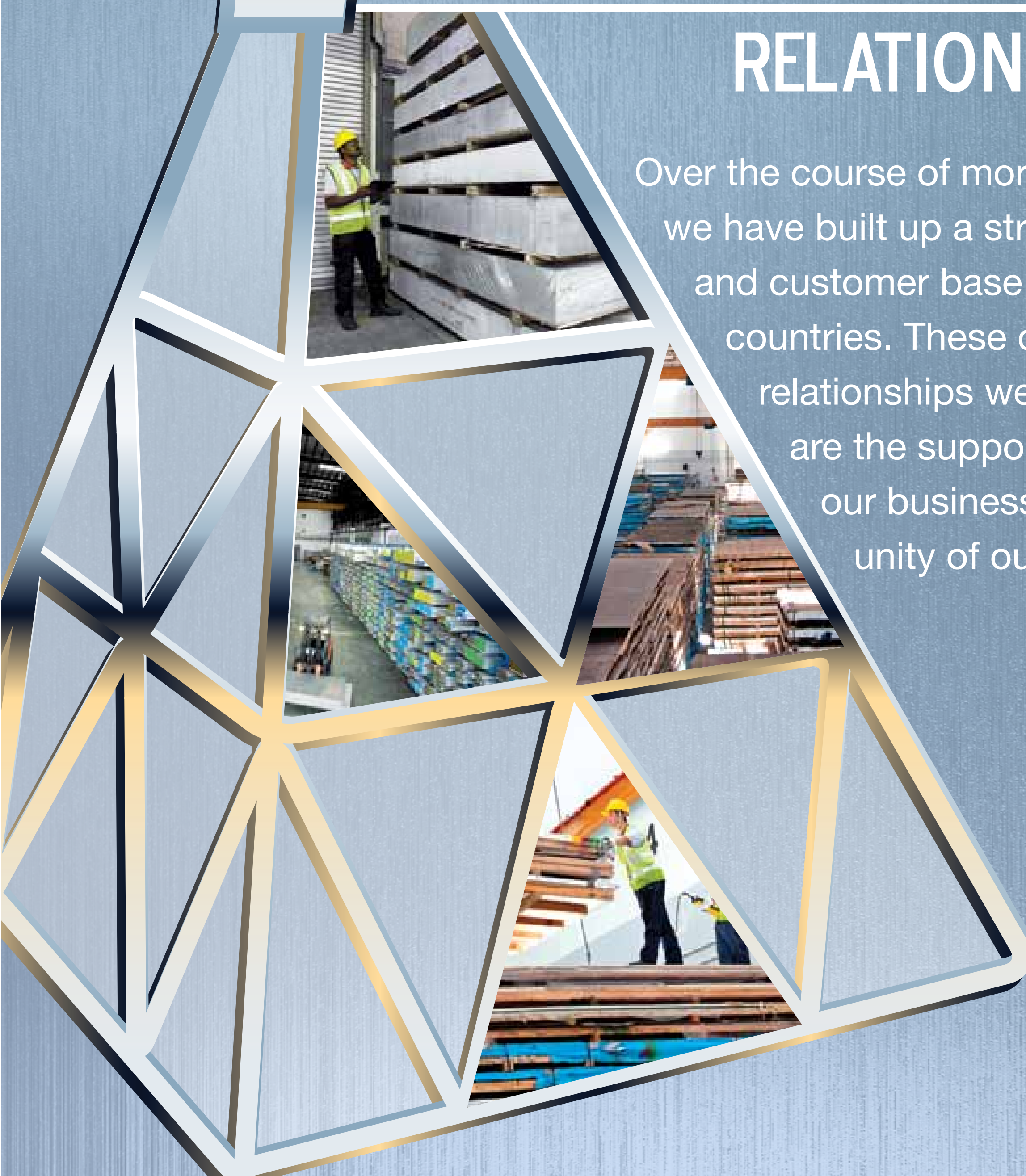
Precision Engineering

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

Others

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

FORGING STRONGER RELATIONSHIPS



Over the course of more than 25 years, we have built up a strong supplier and customer base in more than 15 countries. These closely bonded relationships we have established are the supporting anchors of our business and signify the unity of our foundations.

LETTER TO SHAREHOLDERS

In Shenzhen and Suzhou, we have relocated and renovated our two metal service centres, upgrading their facilities and increasing their storage capacities. With such improvements, we are able to stock a wider range of products and raise our efficiency.

Dear Shareholders,

On the back of an eventful year, financial year 2012 has swiftly passed and I am pleased to write to you again about our operations and our financial results. The year in review has been challenging with the continued uncertainty in our wider economic environment impeding our business performance.

In the last year, the US and European economies had to continue grappling with long-standing sovereign debt and economic weaknesses, resulting in slow growth or recession in these two large economic regions. Japan returned to its fragile economic state after the winding down of post-earthquake reconstruction. Meanwhile, China decelerated with stronger-than-expected government measures to engineer a soft landing. Subsequent government measures to boost the Chinese economy have yielded mixed results so far. Inflation has also remained stubbornly high. Our home base in Singapore also saw uneven growth with a slowdown during the middle of the year wrapped up by a lukewarm end to it with the economy expanding by 1.8% in the fourth quarter, compared to the third quarter, according to the Ministry of Trade and Industry. This was more than what economists had forecast but the full-year economic trend was still one of downshift. For full-year 2012, government estimates indicate that Singapore's economy grew overall 1.2%, less than a quarter of the rate in 2011.

Amidst this economic headwinds, our Group consolidated our business networks, retained many key customers, and pressed on with our relocation and renovation of SL Metal (Shenzhen) Co. Ltd. and SL Metal (Suzhou) Co. Ltd, the two newly-acquired metal service centres in Shenzhen and Suzhou. With their full-year contributions to the Group, as opposed to their two-month contributions post-acquisition in FY2011, and steady support from our Marine and Precision Engineering customer segments, Group revenue for FY2012 expanded by 25.2% to S$27.1 million, from S$21.6 million in FY2011. Gross profits increased by 19.4% to S$4.9 million, from S$4.1 million in FY2011. However, our net profit decreased by 83.9% from S$0.6 million in FY2011 to S$0.1 million in FY2012 due mainly to an increase in marketing and distribution costs and administrative expenses as well as a decrease in other credits. Other credits in FY2011 included negative goodwill of approximately S$0.7 million, arising from the acquisition of the PRC subsidiaries, which are non-recurring in nature.

Outlook

As an international aluminium alloy distributor, our business is directly exposed to global economic conditions and we have to continue navigating cautiously in the year ahead. The International Monetary Fund (IMF), in its World Economic Outlook report in October 2012, predicted a sluggish 3.6% growth in 2013 for the world economy. Structural economic and fiscal weaknesses in the US and Europe, combined with austerity measures in these two regions and a fragile Japan, will likely dampen growth and resulting demand from export-driven economies in China and Southeast Asia. The Singapore government has also revised down its economic forecast for the country to a range of 1.0% to 3.0% for 2013. Despite recent support from the European Central Bank and the IMF for flagging European economies and the aversion of the Fiscal Cliff of spending cuts and tax hikes in the US, much still remains to be done. These wider economic constraints will no doubt pose challenges to our Group's development but we are confident that our long-term strategy of increasing our China presence is still a sound way forward.

In Shenzhen and Suzhou, we have relocated and renovated our two metal service centres, upgrading their facilities and increasing their storage capacities. With such improvements, we are able to stock a wider range of products and raise our efficiency. This will enable us to improve our service to our customers in China who are mainly in the precision engineering line. Specifically, they comprise companies involved in semiconductors, wafer fabrication, consumer electronics, automotive and equipment manufacturing and solar energy businesses.

In the last year, the lacklustre electronics environment in China was a dampener on the Group's business prospects there. Nonetheless, we managed to retain our customer base which augurs well for the future. Going forward, we plan to build on our existing networks as well as the new networks we have linked up with following our acquisition of the two metal service centres.

Despite current economic challenges in China, we believe business prospects in the country remain positive and are well-positioned to capitalise on this. Besides our two metal service centres, our Singapore base has been integral to our China business development strategy, enabling the securing of financing and, through integrated business planning, contributing to an overall larger and wider Group inventory capacity. This, in turn, boosts our ability to service a broader pool of customers not only in China, but in other locations as well.

In addition to servicing our customers abroad, our Singapore headquarters is the base for much of our Marine segment sales. In 2012, we maintained strong support from our customers and aim to further deepen our ties going into the new year. The Group's Marine customers are mainly from the marine travel and offshore marine engineering industries. With the fundamental demand for energy from large, emerging economies remaining robust and marine traffic expanding within Southeast Asia, we believe the outlook is reasonably bright, and aim to leverage on this.

Lastly, in third quarter FY2012, we started renovation of our Singapore headquarters, with the objective of establishing a more conducive staff environment and elevating the customer experience. This upgrading works is targeted for completion in first quarter FY2013 and is part of our overall growth strategy, giving us a fully modern operational base from which to expand our business.

Conclusion

As we head into a new year characterised by ongoing economic turbulence, we will move with greater agility while making efforts not to over-extend ourselves. In this regard, we will have to maintain vigilance in our inventory and credit risk management. Our expanded China presence will also serve as a springboard for further penetration into this country, the second-largest economy in the world. Our growth strategy is on track and I believe we have laid a strong foundation for this next chapter in our Group's long-term expansion.

In conclusion, on behalf of the Board, we would like to thank our directors, management and staff for their efforts, energy and advice over the year. We would also like to thank our shareholders for their continued support. The road ahead will have its challenges but I am confident we will rise to the task; just as we have done before. We look forward to working with you and our partners in 2013.

Tan Yee Chin
Chairman and CEO

GEOGRAPHICAL PRESENCE

Supplier Base

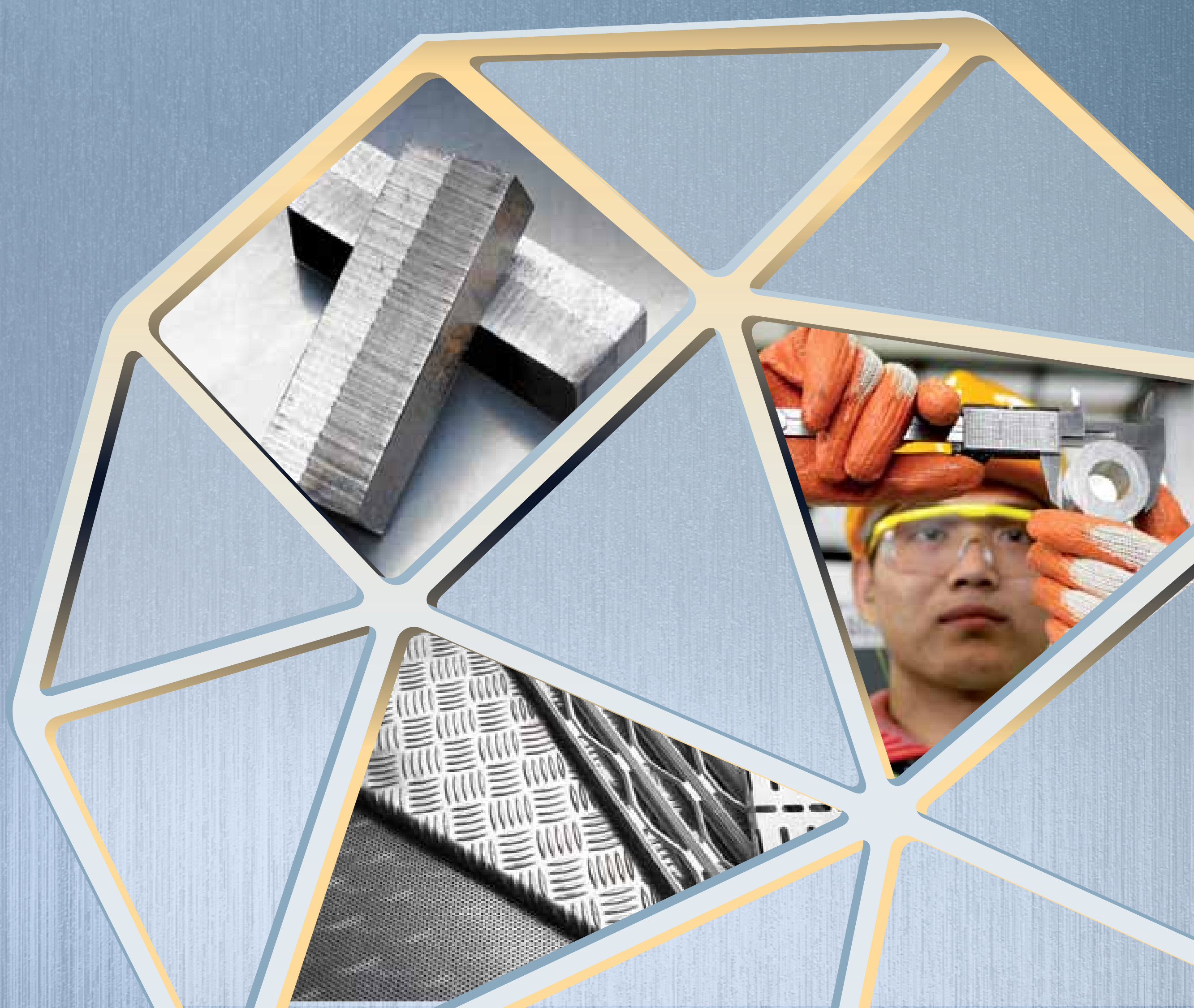
CANADA
USA
SOUTH AFRICA
THE NETHERLANDS
GREECE
INDIA
RUSSIA
PRC
MALAYSIA
SINGAPORE
INDONESIA

Customer Base

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

CONSOLIDATING OUR STRENGTHS

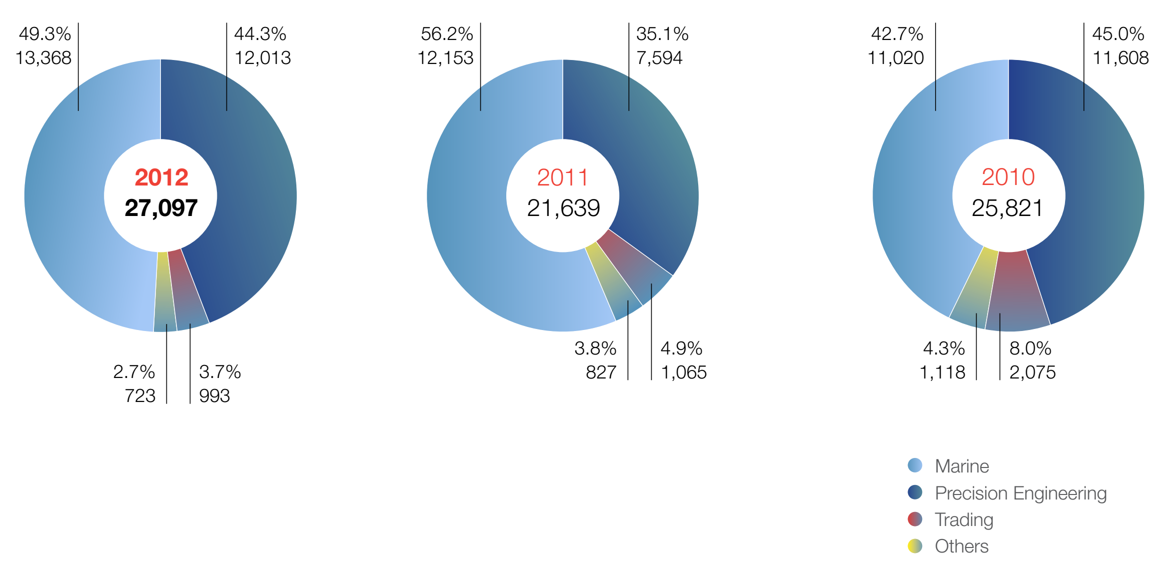
Together with our 5 subsidiaries we consolidate as one, offering a total storage area of approximately 12,000 sqm, adding value to the business by providing a wider and more comprehensive range of aluminium alloy products for our customers.



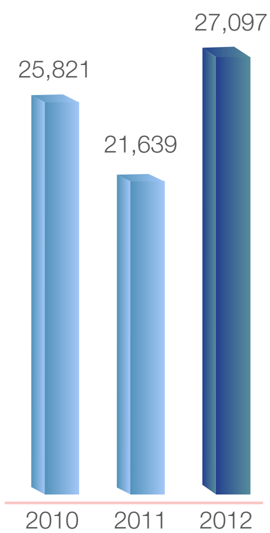
FINANCIAL HIGHLIGHTS

	FY2012 S$'000	FY2011 S$'000
INCOME STATEMENT		
Revenue	27,097	21,639
Gross Profit	4,912	4,114
Profit before Taxation	103	698
Taxation	(4)	(84)
Profit after Tax	99	614
Earnings per Share (in cents)	0.09	0.57
BALANCE SHEET		
Assets		
Non-Current Assets	11,814	11,800
Current Assets	30,299	29,961
Total Assets	42,113	41,761
EQUITY AND LIABILITIES		
Capital and Reserves Attributable to Equity Holders of Parent	21,099	21,171
Non-Current Liabilities	6,672	7,125
Current Liabilities	14,342	13,465
Total Liabilities	21,014	20,590
Total Equity and Liabilities	42,113	41,761
Net Asset Value per Share (in cents)	19.5	19.6

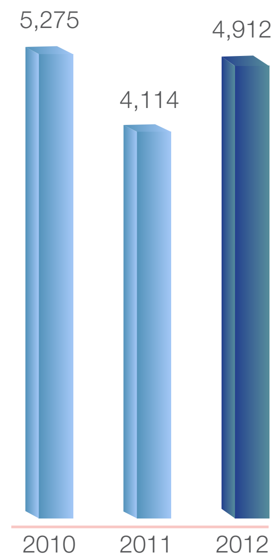
Sales (By Segment)
(S$'000) (%)



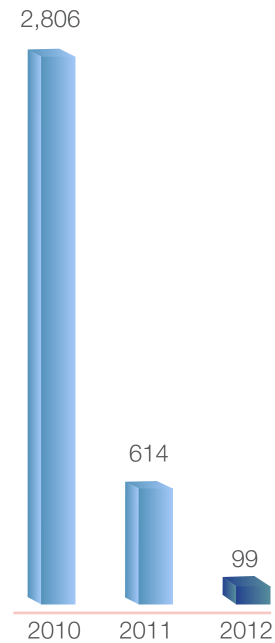
Revenue
(S$'000)



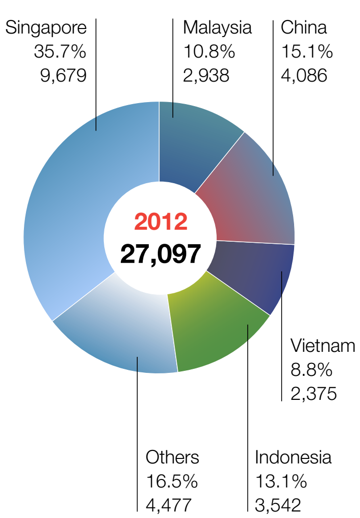
Gross Profit
(S$'000)

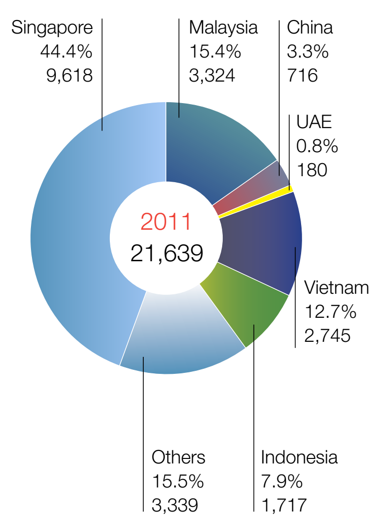


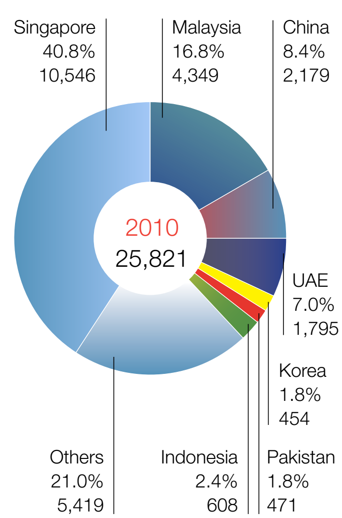
Net Profit After Tax
(S$'000)



Sales (By Country)
(S$'000) (%)







OPERATIONS AND FINANCIAL REVIEW

Business Overview

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

We provide customisation as part of our value-added services 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.

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 which are then assembled into precision instruments, equipment for semiconductor manufacturing and automated assembly lines.

Our wide range of quality aluminium alloy products are sourced from established manufacturers whose products have tight dimensional tolerance, do not distort during intricate machining operations, have good surface finishing and 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 FY2012

Our revenue increased by 25.2% or S$5.5 million from S$21.6 million in FY2011 to S$27.1 million in FY2012 with overall improvement in sales for both the marine and precision engineering business segments. The Group also benefitted from full-year contributions from our China subsidiaries which we acquired in November 2011.

The marine segment registered sales of S$13.4 million in FY2012 and remained the leading revenue contributor accounting for about 49.3% of the Group's revenue. This was achieved through leveraging on our customer base and market presence to capitalise on the growth in the marine offshore engineering and marine leisure sectors.

Revenue from the precision engineering segment increased by 57.9%, from S$7.6 million in FY2011 to S$12.0 million in FY2012, due mainly to full-year contributions from our two newly-acquired metal service centres located in Shenzhen and Suzhou, China. Nonetheless, there was an overall slowdown in the precision engineering market in China over the year in review, an indication of the broader challenges in China as we enter 2013.

Singapore remained our main market in FY2012 accounting for 35.7% or S$9.7 million of our revenue while we continue to sell through our international network, exporting to over 15 countries worldwide. China was our next largest market, accounting for 15.1% or S$4.1 million of our revenue. Revenue from Indonesia, Malaysia and Vietnam amounted to S$3.5 million, S$2.9 million and S$2.4 million respectively and accounted for 13.1%, 10.8% and 8.8% respectively, of our revenue. Sales to other countries amounted to S$4.5 million or 16.5% of our revenue.

In 2013, we expect to consolidate our presence in China by leveraging on our convenient base of the two metal service centres in the industrial hubs of Shenzhen and Suzhou to extend our growth within the country. In addition, with our established bases in Singapore and Malaysia, we expect to benefit from the relatively healthier growth prospects for Southeast Asia as compared to the developed Western economies or Japan. Nonetheless, our expansion must be prudent taking into account the fundamental uncertainties within the global economy in the new year.

OPERATIONS AND FINANCIAL REVIEW

Financial Review

Our revenue increased by 25.2% or S$5.5 million from S$21.6 million in FY2011 to S$27.1 million in FY2012. Net profit was S$0.1 million in FY2012 as compared to S$0.6 million in the previous year.

Gross profit increased by 19.4% or S$0.8 million from S$4.1 million in FY2011 to S$4.9 million in FY2012, due mainly to higher revenue. However, with a decrease in average selling price, gross profit margin decreased from 19.0% in FY2011 to 18.1% in FY2012.

Other credits decreased by S$0.9 million or 60.4%, from S$1.5 million in FY2011 to S$0.6 million in FY2012 as other credits in FY2011 included negative goodwill arising from the acquisition of PRC subsidiaries of S$0.7 million in FY2011 which was non-recurring in nature. In addition, in FY2011, there was also a reversal of allowance for impairment of trade receivables of S$0.7 million. Other credits in FY2012 comprised mainly foreign exchange adjustments gains of S$0.3 million and realised amounts of inventories written down of S$0.1 million.

Marketing and distribution costs increased by S$0.3 million or 54.0% from S$0.5 million in FY2011 to $0.8 million in FY2012, driven mainly by increased commission expenses as more sales were secured through our overseas sales agents.

Administration expenses increased by $0.2 million or 6.5% from S$3.7 million in FY2011 to S$3.9 million in FY2012, mainly due to expanded operations with the inclusion of the newly-acquired China subsidiaries.

Finance costs for FY2012 remained relatively constant at S$0.6 million as compared to that in FY2011 and related mainly to bank interests for our banking facilities. Meanwhile, other charges decreased by S$0.1 million or 49.7%, from S$0.2 million in FY2011 to S$0.1 million in FY2012, mainly due to negative goodwill written off of S$0.05 million and loss on disposal of fixed assets of S$0.03 million.

Profit before tax decreased by S$0.6 million or 85.2% from S$0.7 million in FY2011 to $0.1 million in FY2012 due mainly to a decrease in gross profit margin, a decrease in other credits and an increase in marketing and distribution costs and administrative expenses.

Market Outlook

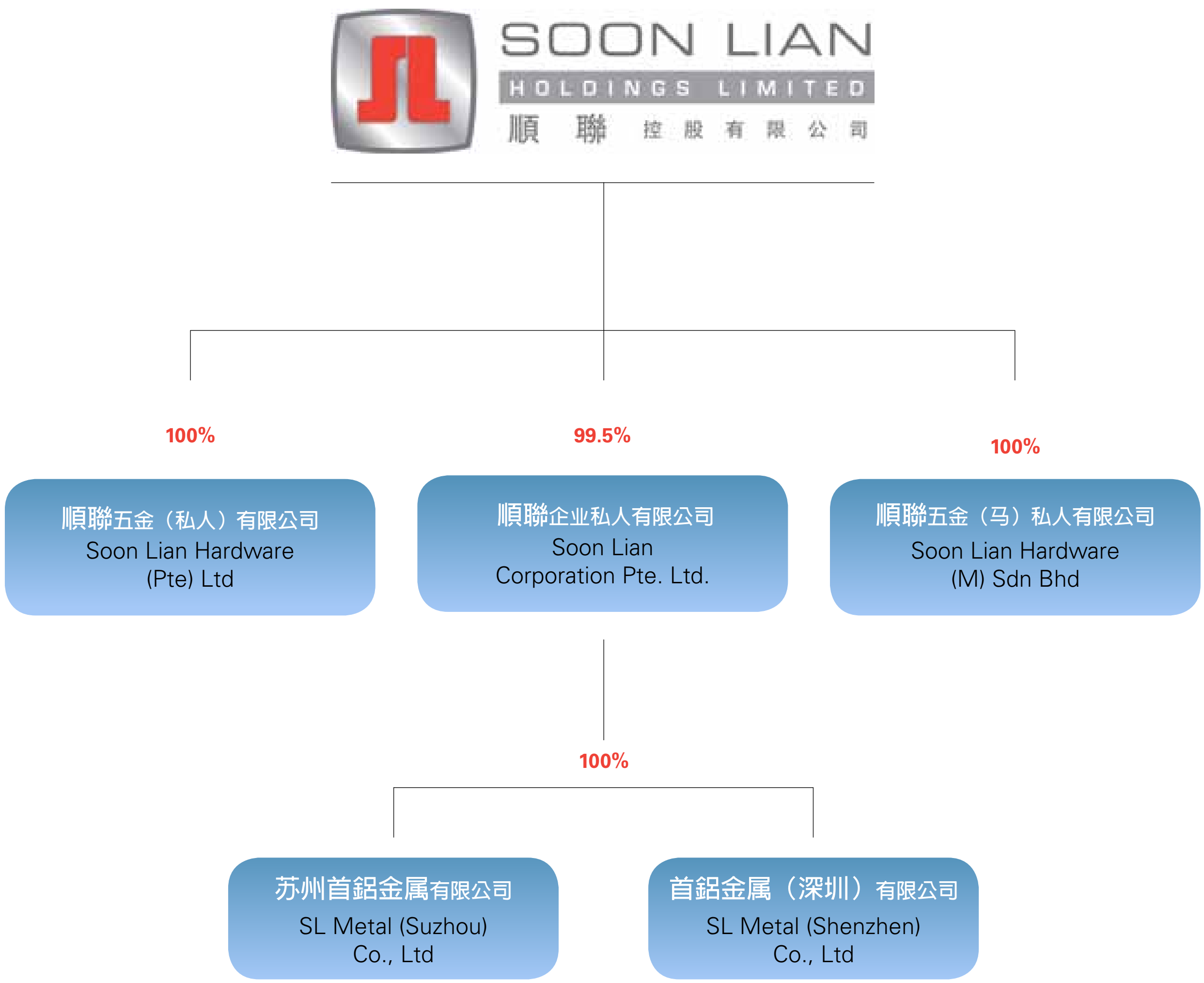
Entering 2013, we note that there have been some positive economic signals from the US and China, the two largest economies in the world. The US Commerce Department released revised job creation figures which showed an improvement for November and December 2012. However, overall job creation, including in January 2013, was still weak, causing the unemployment rate to edge up to 7.9% at end-January. On the flip side, there was a 2.2% increase in consumer spending in fourth quarter 2012, compared with the third quarter, as well as further strengthening in the housing market, with homebuilding growing by 15.3% in fourth quarter 2012 over the third quarter.

Meanwhile, Asia's largest economy, China, is beginning to show signs of recovery with fourth quarter 2012 growth of 7.9%, year-on-year, according to government estimates. This is the first time since fourth quarter 2010 that we see growth, perhaps indicating a turnaround in China.

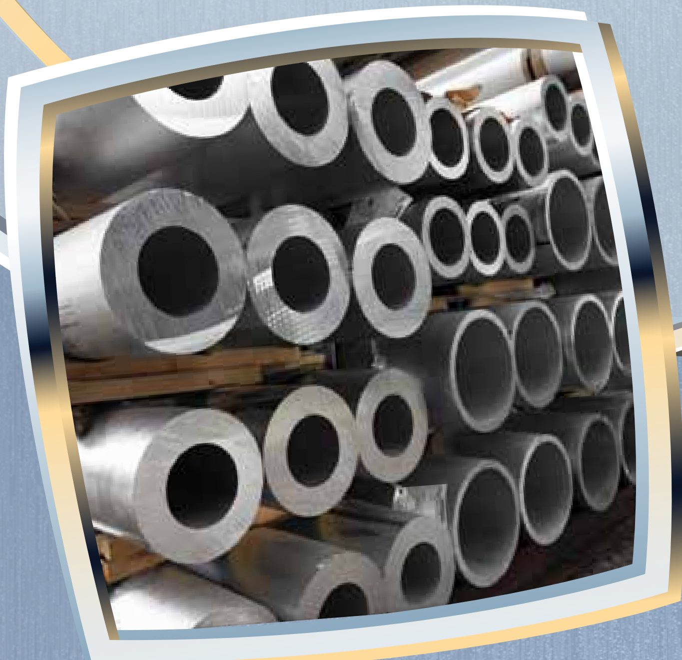
Nonetheless, the fundamental forecast for the global economy remains bleak. Significant government debt in developed economies such as the US, Eurozone countries and Japan continue to dampen growth prospects while recession and austerity measures in Europe seem likely to place a further drag on any economic improvement. With these parameters, the International Monetary Fund in January 2013 predicted a slow 3.5% expansion for the world economy in 2013.

Given such uncertainty, we maintain our cautious outlook for 2013. We will tread cautiously, fostering deeper networks in our established markets like Singapore and Malaysia while leveraging on our expanded presence in China to prospect for new customers. At the same time, we will closely monitor operating costs, credit limits and inventory levels in this time of economic fluctuation and high inflation.

CORPORATE STRUCTURE



DEVELOPING OUR MARKETS



We plan to develop our markets and enhance our position in these markets. Through better cost control and inventory management, we aim to improve on our operational efficiency and drive ourselves further ahead in the industry by delivering excellent products and services.

BOARD OF DIRECTORS

From Left to Right:

Tan Siak Hee, Tan Yee Chin , Tan Yee Leong,
Yap Kian Peng, Tan Yee Ho, Lee Sen Choon

TAN YEE CHIN

Chairman and Chief Executive Officer

Tan Yee Chin, our Chairman and Chief Executive Officer, is responsible for the overall management, operations, charting and reviewing of corporate directions and strategies of our Group. He has over 25 years of experience in the aluminium alloy products industry and has been instrumental in growing the business of our Group. Tan Yee Chin started his career with our Group in 1984, focusing on sales to local customers and progressing to overseas sales in 1988. During the period from 1995 to 2002, he was also involved in managing the businesses of Concentrate Engineering Pte. Ltd. and Concentrate Engineering (M) Sdn. Bhd., companies wholly-owned by Tan Yee Chin and his family. He oversaw the operations of both companies which were engaged in the business of manufacturing and trading of cement bricks and clay bricks.

TAN YEE HO

Executive Director

Tan Yee Ho, our Executive Director, is responsible for overseeing our sales and marketing initiatives in Singapore and overseas markets, and business development initiatives. He has over 25 years of experience in the aluminium alloy products industry and has been instrumental in expanding our Group's businesses in the various overseas markets. Tan Yee Ho has been with our Group since we commenced our operations in 1984 and was primarily responsible for sales and procurement. As our overseas market expanded, he relinquished his responsibilities in procurement to Tan Yee Leong in 1995 to focus on sales and marketing.

TAN YEE LEONG

Executive Director

Tan Yee Leong, our Executive Director, oversees the procurement of our Group. He also assists our Executive Director, Tan Yee Ho, in servicing the accounts of some local and overseas customers to keep abreast of the developments and trends in customers' demands. He has been with our Group since we commenced operations in 1984 and was primarily responsible for the operations of the Group. His responsibilities expanded to include overseeing our Group's procurement functions in 1995.

BOARD OF DIRECTORS

LEE SEN CHOON

Lead Independent Director

Lee Sen Choon was appointed as the Lead Independent Director of our Company on 31 October 2007. He is currently a 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 Board of Governors of Hwa Chong Institution. He is also the Chairman of the School Advisory Committee of Xingnan Primary School. In addition, he sits on a number of publicly listed companies as an independent director. These companies are Best World International Ltd, Hor Kew Corporation Ltd and Rokko Holdings Ltd. Lee Sen Choon is a fellow member of the Institute of Chartered Accountants in England and Wales and a practising member of the Institute of 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 29 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 also holds a Master of Arts degree from Kelaniya University.

YAP KIAN PENG

Independent Director

Yap Kian Peng was appointed as an Independent Director of our Company on 31 October 2007. Since 2005, he has been the executive director of Capital Equity Holdings Pte Ltd, a private equity investment company. Yap Kian Peng has business interests in petrochemicals, food and beverage and property development. From 2004 to 2010, he was the executive director of CKG Chemicals Pte Ltd, in charge of their financing and accounting functions. He was employed by Maybank from 2001 to 2004, initially as a senior business development manager and subsequently promoted to be the team head of Trade Finance Business Development Group. From 1998 to 2000, Yap Kian Peng was a director of You Yi Glass Contractor Pte Ltd, a company engaged in the business of trading in glass sheets. He joined Oversea-Chinese Banking Corporation Limited in 1992 and when he left in 1998, he was an assistant manager at the bank. Yap Kian Peng graduated from RMIT University, Australia, with a Bachelor Degree in Business (Business Administration). He is currently an Acting Chairman and Executive Director of Jackspeed Corporaton Ltd. He is also an Independent Director and the Chairman of the Audit Committee of China Bearing (Singapore) Ltd. and Seroja Investment Ltd, and is also an Independent Director of Travelite Holdings Ltd., these companies are listed on the Mainboard of Singapore Exchange. He is also the Lead Independent Director and Chairman of the Audit Committee of Sincap Group Limited, a company listed on Catalist board of the Singapore Exchange.

KEY MANAGEMENT

NG KIM YING

Chief Financial Officer

Ng Kim Ying, our Chief Financial Officer, oversees our Group's financial reporting and is responsible for the overall financial management of our Group. She has over 30 years of experience in finance, accounting and audit and has direct working experience in accounts preparation under the Singapore Finance Reporting Standards. Prior to joining us in 1999, she was the financial controller of Chuan Soon Huat Industrial Group Ltd, a company listed on the SGX-ST, from 1994 to 1998 where she oversaw the financial and accounting matters of the company. Between 1981 and 1994, she was an auditor at Lee Seng Chan & Company, a local accounting firm. Ng Kim Ying holds a Bachelor of Commerce (Accountancy) from the then Nanyang University. She is a member of the Institute of Certified Public Accountants of Singapore.

WU WEI-TSUNG, WILLIAM

General Manager (Shenzhen & Suzhou)

Wu Wei-Tsung, our General Manager (Shenzhen and Suzhou) is responsible for the general, sales development and operations management of our plants in Shenzhen and Suzhou, China. He has more than 12 years of experience and has established an extensive network in the aluminium alloy products industry in China. Prior to joining our Group, he was the Vice-President (Commercial) in the China subsidiary of HLN Metal Centre Pte. Ltd. for about 5 years. He has also worked as a Sales Manager in the China subsidiary of a metal service centre for more than 7 years, and was actively involved in aluminium trading, sales and market development of aluminium products. HLN Metal Centre Pte. Ltd. has since been acquired by Soon Lian Holdings Limited in November 2011. He graduated from Yu Da Senior High School of Commerce and Home Economics from Taipei, Taiwan.

LOH CHEE MENG

Senior Human Resource & Administration Manager

Loh Chee Meng, our Senior Human Resource & Administration Manager is responsible for the human resource and office administration functions of our Company. In addition, he also oversees our factory operations in Singapore. He has more than 20 years of working experience in manufacturing, construction, and the service sectors. Prior to joining our Company, he was the Group Human Resource Manager of Chang Cheng Holdings Pte Ltd, a local food and beverage company. He holds a Diploma in Business Management from the University of Bradford and a Graduate Diploma in Personnel Management from the Singapore Institute of Management.

CORPORATE INFORMATION

BOARD OF DIRECTORS
Tan Yee Chin, Chairman and Chief Executive Officer
Tan Yee Ho, Executive Director
Tan Yee Leong, Executive Director
Lee Sen Choon, Lead Independent Director
Tan Siak Hee, Independent Director
Yap Kian Peng, Independent Director

AUDIT COMMITTEE
Lee Sen Choon, Chairman
Tan Siak Hee
Yap Kian Peng

NOMINATING COMMITTEE
Tan Siak Hee, Chairman
Lee Sen Choon
Yap Kian Peng

REMUNERATION COMMITTEE
Yap Kian Peng, Chairman
Lee Sen Choon
Tan Siak Hee

REGISTERED OFFICE AND BUSINESS ADDRESS
35 Tuas Avenue 2
Singapore 639464
Tel: + (65) 6261 8888
Fax: + (65) 6862 6888
Website: www.soonlian.com

COMPANY SECRETARY
Ng Kim Ying, CPA Singapore

SHARE REGISTRAR AND SHARE TRANSFER OFFICE
Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
80, Robinson Road
#02-00
Singapore 068898

AUDITORS
RSM Chio Lim LLP
Certified Public Accountants
(a member of RSM International and registered with the
Accounting and Corporate Regulatory Authority and
Institute of Certified Public Accountants of Singapore)
8 Wilkie Road, #03-08
Wilkie Edge
Singapore 228095

AUDIT PARTNER-IN-CHARGE
Woo E-Sah, CPA Singapore
Effective from year ended 31 December 2008

CORPORATE GOVERNANCE REPORT AND FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

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

This report describes the Company's corporate governance processes and activities with specific references to the guidelines of the Singapore Code of Corporate Governance 2005 (the "Code") . Where there are deviations from the Code, appropriate explanations are provided.

The Board will take steps to meet the guidelines set out in the 2012 Code of Corporate Governance which is effective from financial year commencing on or after 1 November 2012.

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

BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

The Board's primary role is to protect and enhance long-term shareholders' value. The principal functions of the Board include setting the Company's strategic plans, values and standards, reviewing 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 arise.

Details of the Directors' attendances at Board Meetings and Board Committees from 1 January 2012 to 31 December 2012 are set out below:

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

* By invitation

The matters requiring the Board's approval include, amongst others, major investments and divestments, material contracts, bank borrowings, major capital expenditure and major funding 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 relevance to the Group through participation in seminars and workshops.

Board Composition and Guidance

Principle 2: There should be a strong independent element on the Board, which is able to exercise objective judgment on the corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board of Directors consists of six members, three of whom are Independent Directors: -

Executive Directors

Tan Yee Chin	(Chairman and Chief Executive Officer)
Tan Yee Ho	(Executive Director)
Tan Yee Leong	(Executive Director)

Non-executive Directors

Lee Sen Choon	(Lead Independent Director)
Tan Siak Hee	(Independent Director)
Yap Kian Peng	(Independent Director)

The Nominating Committee recommends all appointments and retirements of directors. In addition, the NC also reviews annually the independence of each director. Each independent director is required to complete a Director's Independence Declaration annually to confirm his independence based on the guidelines as set out in the Code. For FY2012, the NC has determined that the three non-executive directors are independent.

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.

Role of Chairman and CEO

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

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 channel 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.

Board membership and performance

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

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.

The principal functions of the NC are as follows:

1) To review and recommend the nomination or re-nomination of the directors having regard to their contribution and performance;

2) To determine annually whether or not a Director is independent;

3) To assess the performance of the Board; and

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

The Articles of Association of the Company requires one-third of the directors (including CEO) for the time being, or, if their number is not three or a multiple of three, then the number nearest to one-third, to retire from office at the annual general meeting ("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 such as Board structure, conduct of meetings, corporate strategy and planning, risk management and internal control, and so on.

Access to information

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

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

Procedures for Developing Remuneration Policies

Principle 7 – There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Level and Mix of Remuneration

Principle 8 – The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

Disclosure of Remuneration

Principle 9 – Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

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. 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.

CORPORATE GOVERNANCE REPORT

The breakdown (in percentage terms) of the remuneration of the Company for the financial year ended 31 December 2012 is set out below:

Remuneration of Directors

	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	13	12	100
Tan Yee Ho	–	78	13	9	100
Tan Yee Leong	–	72	13	15	100

Remuneration of the top 3 key executives (who are not directors of the Company) for the year ended 31 December 2012 are as follows:

	Salary	Bonus	Allowances and Benefits in kind	Total
	%	%	%	%
Below S$250,000				
Ng Kim Ying	82	15	3	100
Wu Wei-Tsung, William	69	11	20	100
Loh Chee Meng	83	9	8	100

The Company does not have any employee whose remuneration exceeded S$150,000 for FY2012 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$1.01 million for the financial year ended 31 December 2012.

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

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is responsible for providing a balanced and understandable assessment of the Company's performance, position and prospects, including interim and other price sensitive public reports. Shareholders are informed of the Company's financial performance through half-year and full-year 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.

Audit Committee

Principle 11: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC comprises the following 3 members, all of whom are non-executive independent directors:

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

The Chairman, Mr. Lee Sen Choon, has more than 30 years of experience in accounting, audit, taxation and corporate secretarial work. The other two members of the AC possess experience in finance, legal and business management. The Board is of the view that the members of the AC are appropriately qualified to discharge their responsibilities.

The role of the 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.

CORPORATE GOVERNANCE REPORT

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 recommending 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 2013.

The aggregate amount of audit and non-audit fees paid to the independent auditors for the financial year ended 31 December 2012 are S$108,000 and S$37,000 respectively. The Audit Committee has undertaken a review of all non-audit services provided by the auditors and they would not, in the opinion of the Audit Committee, affect the independence of the auditors.

The Group has appointed different auditors for its overseas subsidiaries. The Board and the AC have reviewed the appointment of different auditors for its subsidiaries and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group.

The Company is in compliance with Rules 712 and 716 of the Catalist Rules in relation to its independent auditors.

Internal Controls

Principle 12: The Board should ensure that the management maintains a sound system on internal controls to safeguard the shareholders' investments and the company's assets.

The Board acknowledges that while it should endeavour to ensure that management maintains a sound system of internal controls to safeguard the shareholders' investment and the Company's assets, there is no absolute assurance that such a system will be fool-proof. The review of the Group's internal control systems should be a concerted and continuing process, designed to manage rather than eliminate risk of failure to achieve business objectives.

With the assistance of the Internal Auditors and through the Audit Committee, the Board reviews the adequacy and effectiveness of the key internal controls, provides its perspective on management control and ensures that the necessary corrective actions are taken on a timely basis. There are procedures in place for both the internal and external auditors to report independent conclusions and recommendations to Management and the Audit Committee. Based on the internal control policies and procedures established and maintained by the Group, as well as reviews performed by external and internal auditors, the Board with the concurrence of the Audit Committee, is of the view that the internal control systems of the Group, addressing the financial, operational and compliance risks are adequate.

Internal Audit

Principle 13: The company should establish an internal audit function that is independent of the activities it audits.

The internal audit function is outsourced to a certified public accounting firm. The Internal Auditors report primarily to the Chairman of the 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.

Communication with Shareholders

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Greater Shareholder Participation

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

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

All shareholders of the Company receive copies of the Annual Reports and Notice of Annual General Meeting ("AGM"). Notice of the AGM is also advertised in the newspapers and made available on the SGX-ST website.

The Company's main forum for dialogue with shareholders takes place at its AGM where members of the Board, Chairman of the Audit, Remuneration, and Nomination Committees, senior management and the external auditors are in attendance to answer any queries raised by the shareholders. At the AGM, shareholders are given the opportunity to express their views and ask questions regarding the Company.

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. This Code will provide guidance to the Group's directors and employees on their dealings in its securities. The key guidelines are:

- Directors and key officers are prohibited from trading in the Company's securities during the period commencing one month before the announcement of the Company's half-year and full year financial results.
- Directors and key officers should not deal in the Company's securities on short-term consideration.
- Directors and key officers are required to observe the insider trading laws under the Securities Industries Act at all times even when engaging in dealings of securities within the non-prohibitory periods.

INTERESTED PERSON TRANSACTIONS

During the financial year, there was no material transactions entered into with interested persons.

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

During the year, the Company has engaged Nexia TS Risk Advisory Pte Ltd ("Nexia") to develop the Enterprise Risk Management framework for the Group. In consultation with Nexia, the Group has developed and implemented the appropriate risk management procedures to address the key risks identified. All significant matters would be highlighted to the Audit Committee and the Board of Directors. The Group believes that risk management forms an integral part of business management. Hence, the Group will continue to review and improve its business and activities to identify areas of significant business risk as well as take appropriate measures to control and mitigate these risks.

CORPORATE GOVERNANCE REPORT

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(21) 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 reporting year ended 31 December 2012.

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 reporting year nor at any time during the reporting year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate.

3. Directors' Interests in Shares and Debentures

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

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

By virtue of section 7 of the Companies Act, Chapter 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 2013 were the same as those at the end of the reporting year.

DIRECTORS' REPORT

4. Contractual Benefits of Directors

Since the beginning of the reporting year, no director of the company has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Companies Act, Chapter 50, by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements.

5. Share Options

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

During the reporting year, there were no shares of the company or any subsidiary issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares of the company or any subsidiary under option.

6. Independent Auditors

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

7. Audit Committee

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

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

The audit committee performs the functions specified by section 201B(5) of the Companies Act, Chapter 50. 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 relevant to their statutory audit, and their report on the financial statements and the assistance given by the company's officers to them;
- Reviewed with the internal auditors the scope and results of the internal audit procedures;
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption; and
- Reviewed the interested person transactions (as defined in Chapter 9 of the Listing Manual of SGX).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. 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.

8. 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 21 February 2013, 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

13 March 2013

STATEMENT BY DIRECTORS

In the opinion of the directors,

(a) the accompanying consolidated statement of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity, consolidated statement of cash flows, and notes thereto are drawn up so as to give a true and fair view of the state of affairs of the company and of the group as at 31 December 2012 and of the results and cash flows of the group and changes in equity of the company and of the group for the reporting year then ended; and

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

The board of directors approved and authorised these financial statements for issue.

On Behalf of The Directors

Tan Yee Chin
Director

Tan Yee Ho
Director

13 March 2013

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Soon Lian Holdings Limited (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at 31 December 2012, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair consolidated statement of profit or loss and other comprehensive income and statements of financial position and to maintain accountability of assets.

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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at 31 December 2012 and the results, changes in equity and cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

INDEPENDENT AUDITORS' REPORT

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the company and by those subsidiaries incorporated in Singapore of which we are the 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

13 March 2013

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2012

	Notes	Group 2012 $'000	Group 2011 $'000
Revenue	5	27,097	21,639
Cost of Sales		(22,185)	(17,525)
Gross Profit		4,912	4,114
Other Items of Income			
Interest Income	6	1	4
Other Credits	7	614	1,551
Other Items of Expense			
Marketing and Distribution Costs		(813)	(528)
Administrative Expenses		(3,950)	(3,709)
Finance Costs	8	(580)	(573)
Other Charges	7	(81)	(161)
Profit Before Tax from Continuing Operations		103	698
Income Tax Expense	10	(4)	(84)
Profit from Continuing Operations, Net of Tax		99	614
Other Comprehensive Income:			
Exchange Differences on Translating Foreign Operations, Net of Tax		(171)	135
Other Comprehensive (Loss) Income for the Year, Net of Tax		(171)	135
Total Comprehensive (Loss) Income		(72)	749
Profit Attributable to Owners of the Parent, Net of Tax		100	614
Profit Attributable to Non-Controlling Interests, Net of Tax		(1)	–
Profit Net of Tax		99	614
Total Comprehensive (Loss) Income Attributable to Owners of the Parent		(71)	749
Total Comprehensive Loss Attributable to Non-Controlling Interests		(1)	–
Total Comprehensive (Loss) Income		(72)	749
Earnings Per Share			
Earnings per Share Currency Unit		**Cents**	**Cents**
Basic	12	0.09	0.57
Diluted	12	0.09	0.57

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2012

	Notes	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment, Total	14	11,497	11,521	–	–
Investments in Subsidiaries	15	–	–	11,210	11,210
Deferred Tax Assets	10	317	279	–	–
Total Non-Current Assets		11,814	11,800	11,210	11,210
Current Assets					
Inventories	16	18,508	20,612	–	–
Trade and Other Receivables, Current	17	5,609	5,920	986	1,548
Other Assets, Current	18	148	105	13	13
Cash and Cash Equivalents	19	6,034	3,324	48	7
Total Current Assets		30,299	29,961	1,047	1,568
Total Assets		42,113	41,761	12,257	12,778
EQUITY AND LIABILITIES					
Equity Attributable to Owners of the Parent					
Share Capital	20	10,579	10,579	10,579	10,579
Retained Earnings		10,410	10,310	1,297	1,150
Other Reserves	21	96	267	–	–
Equity, Attributable to Owners of the Parent, Total		21,085	21,156	11,876	11,729
Non-Controlling Interests		14	15	–	–
Total Equity		21,099	21,171	11,876	11,729
Non-Current Liabilities					
Deferred Tax Liabilities	10	–	–	–	95
Other Financial Liabilities, Non-Current	22	6,672	7,125	–	–
Total Non-Current Liabilities		6,672	7,125	–	95
Current Liabilities					
Income Tax Payable, Current		22	41	22	24
Trade and Other Payables, Current	23	10,546	8,706	359	930
Other Financial Liabilities, Current	22	3,774	4,718	–	–
Total Current Liabilities		14,342	13,465	381	954
Total Liabilities		21,014	20,590	381	1,049
Total Equity and Liabilities		42,113	41,761	12,257	12,778

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

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2012

Group:	Total Equity $'000	Attributable to Parent Sub-Total $'000	Share Capital $'000	Retained Earnings $'000	Statutory Reserve $'000	Foreign Currency Translation Reserve $'000	Non-Controlling Interests $'000
Current Year:							
Opening Balance at 1 January 2012	21,171	21,156	10,579	10,310	190	77	15
Movements in Equity:							
Total Comprehensive Income for the Year	(72)	(71)	–	100	–	(171)	(1)
Closing Balance at 31 December 2012	21,099	21,085	10,579	10,410	190	(94)	14
Previous Year:							
Opening Balance at 1 January 2011	20,947	20,947	10,579	10,426	–	(58)	–
Movements in Equity:							
Dividends Paid (Note 13)	(540)	(540)	–	(540)	–	–	–
Acquisition of Subsidiaries (Note 24)	15	–	–	–	–	–	15
Total Comprehensive Income for the Year	749	749	–	614	–	135	–
Transfer to Statutory Reserve	–	–	–	(190)	190	–	–
Closing Balance at 31 December 2011	21,171	21,156	10,579	10,310	190	77	15

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

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2012

Company:	Total Equity $'000	Share Capital $'000	Retained Earnings $'000
Current Year:			
Opening Balance at 1 January 2012	11,729	10,579	1,150
Movements in Equity:			
Total Comprehensive Income for the Year	147	–	147
Closing Balance at 31 December 2012	11,876	10,579	1,297
Previous Year:			
Opening Balance at 1 January 2011	12,085	10,579	1,506
Movements in Equity:			
Dividends Paid (Note 13)	(540)	–	(540)
Total Comprehensive Income for the Year	184	–	184
Closing Balance at 31 December 2011	11,729	10,579	1,150

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2012

	Group	
	2012	2011
	$'000	$'000
Cash Flows From Operating Activities		
Profit Before Tax	103	698
Adjustments for:		
Interest Income	(1)	(4)
Interest Expense	580	573
Depreciation of Property, Plant and Equipment	676	636
Forward Contract Gain: Transactions Not Qualifying as Hedges	(2)	(3)
Intangible Asset – Non-Contractual Customer Relationship Written Off	47	–
Loss on Disposal of Property, Plant and Equipment	33	46
Release of Negative Goodwill to Income	(47)	(734)
Net Effect of Exchange Rate Changes in Consolidating Subsidiaries	(127)	92
Operating Cash Flows before Changes in Working Capital	1,262	1,304
Inventories	2,104	3,666
Trade and Other Receivables, Current	313	(549)
Other Assets, Current	(43)	485
Trade and Other Payables, Current	1,840	(4,388)
Net Cash Flows From Operations Before Interest and Tax	5,476	518
Income Taxes Paid	(73)	–
Net Cash Flows From Operating Activities	5,403	518
Cash Flows From Investing Activities		
Disposal of Property, Plant and Equipment	44	69
Purchase of Property, Plant and Equipment (Note 19B)	(609)	(1,391)
Interest Income	1	4
Acquisition of Subsidiaries, Net of Cash Acquired (Note 24)	–	(1,221)
Net Cash Flows Used in Investing Activities	(564)	(2,539)
Cash Flows From Financing Activities		
Decrease in Other Financial Liabilities (Note 19B)	(3,044)	(5,731)
Increase from New Borrowings	1,500	4,048
Dividends Paid to Equity Owners	–	(540)
Interest Paid	(580)	(573)
Net Cash Flows Used in Financing Activities	(2,124)	(2,796)
Net Increase (Decrease) in Cash and Cash Equivalents	2,715	(4,817)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	3,288	8,105
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance (Note 19A)	6,003	3,288

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

1. General

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

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

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

The principal activities of the subsidiaries are described in Note 15 below.

The registered office is: 35 Tuas Avenue 2 Singapore 639464. The company is situated in Singapore.

2. Summary of Significant Accounting Policies

Accounting Convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of Presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its 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 profit or loss and other comprehensive income items and dividends are eliminated on consolidation. The results of any subsidiary acquired or disposed of during the reporting year are accounted for from the respective dates of acquisition or up to the date of disposal which is the date on which effective control is obtained of the acquired business until that control ceases.

Changes in the group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with FRS 39.

The company's financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, no statement of profit or loss and other comprehensive income is presented for the company.

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

Basis of Preparation of the Financial Statements

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

Revenue Recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes, 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 although the costs are recognised as an expense as incurred. 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 reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

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 relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and the income and expense items for each statement presenting profit or loss and other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant entity.

Segment Reporting

The group discloses financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Borrowing Costs

All borrowing costs 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 property and improvement	–	over terms of lease which is approximately 2% to 3%
Plant and equipment	–	10% to 20%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

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

Property, Plant and Equipment (Cont'd)

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, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent 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.

Leases

Whether an arrangement is, or contains, a lease, it is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each 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 reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

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

Business Combinations

A business combination is transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with FRS 32 and FRS 39. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under FRS 103. Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. If the acquirer has made a gain from a bargain purchase that gain is recognised in profit or loss. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

Non-Controlling Interests

The non-controlling interests in the net assets and net results of a consolidated subsidiary are shown separately in the appropriate components of the consolidated financial statements. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant note. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Impairment of Non-Financial Assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. When the fair value less costs to sell method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are measured at the lower of cost (first in first out method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made for where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

Financial Assets

Initial recognition, measurement and derecognition:

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

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

Subsequent measurement:

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

1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. These assets are carried at fair value by reference to the transaction price or current bid prices in an active market. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss. They are classified as non-current assets unless management intends to dispose of the asset within 12 months of the end of the reporting year.

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

Year ended 31 December 2012

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

Derivatives

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

Financial Liabilities

Initial recognition, measurement and derecognition:

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

Subsequent measurement:

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

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount determined in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.

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

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

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 and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes. 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. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year.

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 reporting year they occur.

Government Grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. A grant in recognition of specific expenses is recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position.

Critical Judgements, Assumptions and Estimation Uncertainties

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

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

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

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 receivables and historical bad debts, customer concentrations, customer creditworthiness, and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful trade receivables. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the trade receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 17 in trade and other receivables.

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. The 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 judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the Note 16 in inventories.

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 reporting 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 was $2,114,000.

Deferred tax asset estimation:
Management judgment is required in determining the amount of current and deferred tax recognised as income or expense and the extent to which deferred tax assets can be recognised. A deferred tax asset is recognised if it is more likely than not that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilised. Management also considers future taxable income and tax planning strategies in assessing whether deferred tax assets should be recognised in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature, it is likely that deferred tax calculation relates to complex fact patterns for which assessments of likelihood are judgmental and not susceptible to precise determination. The amount of the deferred tax asset at the end of the reporting year was $317,000.

3. Related Party Relationships and Transactions

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

3.1 Related companies:

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

There are transactions and arrangements between the reporting entity and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The current intercompany 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 an amount 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 Key management compensation:

	Group	
	2012	2011
	$'000	$'000
Salaries and other short-term employee benefits	1,282	1,488

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

	Group	
	2012	2011
	$'000	$'000
Remuneration of directors of the company	912	894
Fees to directors of the company	85	85

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.

4. Financial Information by Operating Segments

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

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by FRS 108 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the group.

For management purposes the group is organised into the following major strategic operating segments according to the industry in which their customers operate: (1) marine industry (2) precision engineering (3) stockists and traders and (4) other customers. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and 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 group supplies aluminium alloy products.

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 / amortisation, interests and income taxes (called "Recurring EBITDA") and (2) operating result before income taxes and other unallocated items (called "ORBT").

Segment assets consist principally of trade receivables.

Unallocated items comprise property, plant and equipment, inventories, other assets, other receivables, cash and cash equivalents, trade and other payables, other financial liabilities, income tax payable and deferred tax assets and liabilities.

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 2012						
Revenue by Segment						
Total revenue by segment	13,368	12,013	993	723	–	27,097
Recurring EBITDA	2,461	1,731	424	296	–	4,912
Finance costs	–	–	–	–	(580)	(580)
Depreciation	–	–	–	–	(676)	(676)
Operating results before income tax and other unallocated items	2,461	1,731	424	296	(1,256)	3,656
Other unallocated items	–	–	–	–	(3,553)	(3,553)
Profit before tax from continuing operations						103
Income tax expense						(4)
Profit from continuing operations						99

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

4B. Profit or Loss from Continuing Operations and Reconciliations (Cont'd)

	Marine $'000	Precision engineering $'000	Stockists and traders $'000	Other customers $'000	Unallocated $'000	Group $'000
Continuing Operations 2011						
Revenue by Segment						
Total revenue by segment	12,153	7,594	1,065	827	–	21,639
Recurring EBITDA	1,894	1,561	373	286	–	4,114
Finance costs	–	–	–	–	(573)	(573)
Depreciation	–	–	–	–	(636)	(636)
Operating results before income tax and other unallocated items	1,894	1,561	373	286	(1,209)	2,905
Other unallocated items	–	–	–	–	(2,207)	(2,207)
Profit before tax from continuing operations						698
Income tax income						(84)
Profit from continuing operations						614

The above revenue is mainly from aluminium alloy products.

4C. Assets and Reconciliations

	Marine $'000	Precision engineering $'000	Stockists and traders $'000	Other customers $'000	Unallocated $'000	Group $'000
2012						
Total assets for reportable segments	3,039	2,179	81	172	–	5,471
Unallocated:						
Property, plant and equipment	–	–	–	–	11,497	11,497
Deferred tax assets	–	–	–	–	317	317
Inventories	–	–	–	–	18,508	18,508
Cash and cash equivalents	–	–	–	–	6,034	6,034
Other unallocated amounts	–	–	–	–	286	286
Total group assets	3,039	2,179	81	172	36,642	42,113
2011						
Total assets for reportable segments	2,970	785	1,593	18	–	5,366
Unallocated:						
Property, plant and equipment	–	–	–	–	11,521	11,521
Deferred tax assets	–	–	–	–	279	279
Inventories	–	–	–	–	20,612	20,612
Cash and cash equivalents	–	–	–	–	3,324	3,324
Other unallocated amounts	–	–	–	–	659	659
Total group assets	2,970	785	1,593	18	36,395	41,761

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

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

4D. Liabilities and Reconciliations

	Marine $'000	Precision engineering $'000	Stockists and traders $'000	Other customers $'000	Unallocated $'000	Group $'000
2012						
Unallocated:						
Current tax liabilities	–	–	–	–	22	22
Borrowings	–	–	–	–	10,446	10,446
Trade and other payables	–	–	–	–	10,546	10,546
Total group liabilities	–	–	–	–	21,014	21,014
2011						
Unallocated:						
Current tax liabilities	–	–	–	–	41	41
Borrowings	–	–	–	–	11,843	11,843
Trade and other payables	–	–	–	–	8,706	8,706
Total group liabilities	–	–	–	–	20,590	20,590

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.

4E. Other Material Items and Reconciliations

	Marine $'000	Precision engineering $'000	Stockists and traders $'000	Other customers $'000	Unallocated $'000	Group $'000
2012						
Impairment of receivables (Reversal)	(110)	(10)	–	–	–	(120)
Impairment of inventories (Realised)	–	–	–	–	(103)	(103)
Release of negative goodwill to income	–	–	–	–	(47)	(47)
Intangible assets – non-contractual customer relationship written off	–	–	–	–	47	47
Expenditures for non-current assets	–	–	–	–	761	761
2011						
Impairment of receivables (Reversal)	(661)	(21)	–	(32)	–	(714)
Impairment of inventories (Realised)	–	–	–	–	(69)	(69)
Negative goodwill on acquisition of subsidiaries based on provisional valuation	–	–	–	–	(734)	(734)
Expenditures for non-current assets	–	–	–	–	1,689	1,689

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

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	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Singapore	9,679	9,618	10,503	10,557
Malaysia	2,938	3,324	621	670
Vietnam	2,375	2,745	–	–
Indonesia	3,542	1,717	–	–
China	4,086	716	373	294
UAE	–	180	–	–
Other Countries	4,477	3,339	–	–
	27,097	21,639	11,497	11,521

Revenues are attributed to countries on the basis of the customer's location, irrespective of the origin of the goods and services. The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets include property, plant and equipment and exclude any financial instruments and deferred tax assets.

4G. Information About Major Customers

	2012	2011
	$'000	$'000
Top 1 customer in marine segment	3,419	3,430

5. Revenue

	Group	
	2012	2011
	$'000	$'000
Sale of goods	26,933	21,513
Other	164	126
	27,097	21,639

6. Interest Income

	Group	
	2012	2011
	$'000	$'000
Interest income	1	4

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

7. Other Credits and (Other Charges)

	Group	
	2012	2011
	$'000	$'000
Allowance for impairment on trade receivables - loss	–	(21)
Allowance for impairment on trade receivables - reversal	120	703
Allowance for impairment on other receivables - reversal	–	32
Foreign exchange adjustment gains / (losses)	342	(80)
Forward contracts gains - transactions not qualifying as hedges	2	3
Inventories written down reversal	103	69
Inventories written down	(1)	(14)
Loss on disposal of property, plant and equipment	(33)	(46)
Negative goodwill on acquisition of subsidiaries based on provisional valuation (Note 24)	–	734
Intangible asset – non-contractual customer relationship written off	(47)	–
Release of negative goodwill to income (Note 24)	47	–
Government grant income from SME cash grant / jobs credit scheme	–	10
	533	1,390
Presented in profit or loss as:		
Other Credits	614	1,551
Other Charges	(81)	(161)
Net	533	1,390

8. Finance Costs

	Group	
	2012	2011
	$'000	$'000
Interest expense	580	573

9. Employee Benefits Expense

	Group	
	2012	2011
	$'000	$'000
Employee benefits expense	2,899	2,825
Contributions to defined contribution plan	182	190
Other benefits	187	197
Total employee benefits expense	3,268	3,212

10. Income Tax

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

	Group 2012 $'000	Group 2011 $'000
Current tax expense (income):		
Current tax expense	53	15
Over adjustments to tax in respect of prior periods	(11)	–
Subtotal	42	15
Deferred tax expense (income):		
Deferred tax (income) expense	(38)	41
Under adjustments to tax in respect of prior periods	–	28
Subtotal	(38)	69
Total income tax expense	4	84

The reconciliation of income taxes below is determined by applying the Singapore corporate tax rate where the parent is situated. The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2011: 17%) to profit or loss before income tax as a result of the following differences:

	Group 2012 $'000	Group 2011 $'000
Profit before tax	103	698
Income tax expense at the above rate	18	119
Not deductible / (not liable to tax) items	16	(65)
Tax exemptions	(12)	(9)
(Over) / Under adjustments to tax in respect of prior periods	(11)	28
Effect of different tax rates in different countries	8	(18)
Other minor items less than 3% each	(15)	29
Total income tax expense	4	84

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

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

	Group 2012 $'000	Group 2011 $'000
Excess of tax values over net book value of plant and equipment	(91)	23
Tax loss carryforwards	53	46
Total deferred income tax (income) expense recognised in profit or loss	(38)	69

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

10. Income Tax (Cont'd)

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

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Deferred tax assets (liabilities) recognised in profit or loss:				
Excess of tax values over net book value of plant and equipment	94	3	–	–
Tax loss carryforwards	223	276	–	–
Financial guarantee fee income	–	–	–	(95)
Total	317	279	–	(95)

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

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

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	
	2012	2011
	$'000	$'000
Audit fees to the independent auditors of the company	88	83
Audit fees to the other independent auditors	20	20
Other fees to the independent auditors of the company	35	72
Other fees to the other independent auditors	2	1

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	
	2012	2011
	$'000	$'000
A. Numerators: earnings attributable to equity:		
Continuing operations: attributable to equity holders	100	614
B. Total basic earnings	100	614
C. Diluted earnings	100	614
	2012	2011
	'000	'000
D. Denominators: weighted average number of equity shares		
Basic	108,000	108,000
Diluted	108,000	108,000

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

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

13. Dividend on Equity Shares

	Rate per share - cents			
	2012	2011	2012	2011
			$'000	$'000
2010 Final tax exempt (1-tier) dividend paid	–	0.50	–	540

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

14. Property, Plant and Equipment

Group	Freehold property $'000	Leasehold property and improvement $'000	Plant and equipment $'000	Total $'000
Cost:				
At 1 January 2011	580	8,548	3,435	12,563
Arising from acquisition of subsidiaries (Note 24)	–	–	524	524
Additions	–	598	1,091	1,689
Disposals	–	–	(500)	(500)
Foreign exchange adjustments	(11)	–	19	8
At 31 December 2011	569	9,146	4,569	14,284
Additions	–	241	520	761
Disposals	–	–	(339)	(339)
Foreign exchange adjustments	(14)	–	(36)	(50)
At 31 December 2012	555	9,387	4,714	14,656
Accumulated depreciation:				
At 1 January 2011	23	73	2,173	2,269
Arising from acquisition of subsidiaries (Note 24)	–	–	236	236
Depreciation for the year	4	221	411	636
Disposals	–	–	(385)	(385)
Foreign exchange adjustments	(1)	–	8	7
At 31 December 2011	26	294	2,443	2,763
Depreciation for the year	4	235	437	676
Disposals	–	–	(262)	(262)
Foreign exchange adjustments	–	–	(18)	(18)
At 31 December 2012	30	529	2,600	3,159
Net book value:				
At 1 January 2011	557	8,475	1,262	10,294
At 31 December 2011	543	8,852	2,126	11,521
At 31 December 2012	525	8,858	2,114	11,497

The depreciation expense is charged as follows:

	Group 2012 $'000	Group 2011 $'000
Cost of sales	458	433
Administrative expenses	218	203
	676	636

The group's freehold and leasehold properties are mortgaged to the banks for credit facilities and term loans as disclosed in Note 22.

Motor vehicles with a net book value of $276,000 (2011: $348,000) 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 22C).

15. Investments in Subsidiaries

	Company 2012 $'000	Company 2011 $'000
Movements during the year:		
At beginning of the year	11,210	9,049
Additions	–	2,161
Total at cost	11,210	11,210
Total cost comprising:		
Unquoted equity shares at cost	11,210	11,210
Total at cost	11,210	11,210
Analysis of above amount denominated in non-functional currency:		
Malaysian Ringgit	605	605

The subsidiaries held by the company and the group are listed below:

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities (and Independent Auditors)	Cost in Books of Company 2012 $'000	Cost in Books of Company 2011 $'000	Effective Percentage of Equity Held 2012 %	Effective Percentage of Equity Held 2011 %
Held by the company				
Soon Lian Hardware (Pte.) Ltd. (a) Singapore Supplier of aluminium alloy products (RSM Chio Lim LLP)	8,444	8,444	100	100
Soon Lian Hardware (M) Sdn. Bhd. (b) Malaysia Supplier of aluminium alloy products (Crowe Horwath Johor Bahru)	605	605	100	100
Soon Lian Corporation Pte. Ltd. (a) (acquired on 17 November 2011) Singapore Investment holdings (RSM Chio Lim LLP)	2,161	2,161	99.5	99.5

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

15. Investments in Subsidiaries (Cont'd)

Name of Subsidiaries, Country of Incorporation, Place of Operations and Principal Activities (and Independent Auditors)	Cost in Books of Company		Effective Percentage of Equity Held	
	2012	2011	2012	2011
	$'000	$'000	%	%
Held through Soon Lian Corporation Pte. Ltd.				
SL Metal (Shenzhen) Co., Ltd (b) People's Republic of China ("PRC") Supplier of aluminium alloy products (Shu Lun Pan Certified Public Accountants LLP)	769	769	100	100
SL Metal (Suzhou) Co., Ltd (b) People's Republic of China ("PRC") Supplier of aluminium alloy products (BDO China Shu Lun Pan CPAs Limited)	1,134	746	100	100

(a) Audited by RSM Chio Lim LLP, Singapore.

(b) Other independent auditors. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

As is required by Rule 716 of the Listing Manual of The Singapore Exchange Securities Trading Limited the audit committee and the board of directors of the company have satisfied themselves that the appointment of different auditors for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the group.

16. Inventories

	Group	
	2012	2011
	$'000	$'000
Finished goods and goods for resale	18,508	20,612
Inventories are stated after allowance. Movements in allowance:		
Balance at beginning of the year	311	148
Acquisition of subsidiaries (Note 24)	–	205
Charge to profit or loss included in other charges	1	14
Reversed to profit or loss included in other credits	(103)	(69)
Foreign exchange adjustments	(12)	13
Balance at end of the year	197	311

The reversal of the allowance is for goods with an estimated increase in net realisable value.

16. Inventories (Cont'd)

	Group 2012 $'000	Group 2011 $'000
The write-downs of inventories charged to profit or loss included in other charges	1	14
The write-downs of inventories reversed to profit or loss included in other credits	(103)	(69)
Changes in inventories of finished goods	2,104	3,666
Purchase of inventories	18,305	11,421

There are no inventories pledged as security for liabilities.

17. Trade and Other Receivables, Current

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Trade receivables:				
Outside parties	9,473	9,786	–	–
Less allowance for impairment	(4,002)	(4,419)	–	–
Subtotal	5,471	5,367	–	–
Other receivables:				
Subsidiaries (Note 3)	–	–	986	1,548
Current tax recoverable	72	54	–	–
Other receivables	66	499	–	–
Subtotal	138	553	986	1,548
Total trade and other receivables	5,609	5,920	986	1,548
Movements in above allowance:				
Balance at beginning of the year	4,419	6,212	–	–
Acquisition of subsidiaries (Note 24)	–	9	–	–
Charge for trade receivables to profit or loss included in other charges	–	21	–	–
Reversed for trade receivables to profit or loss included in other credits	(120)	(703)	–	–
Reversed for other receivables to profit or loss included in other credits	–	(32)	–	–
Bad debts written off (trade receivables)	(295)	(1,069)	–	–
Bad debts written off (other receivables)	–	(19)	–	–
Foreign exchange adjustments	(2)	–	–	–
Balance at end of the year	4,002	4,419	–	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

18. Other Assets, Current

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Prepayments	148	105	13	13

19. Cash and Cash Equivalents

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Not restricted in use	6,034	3,324	48	7

The interest earning balances are not significant.

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

	Group	
	2012	2011
	$'000	$'000
Amount as shown above	6,034	3,324
Bank overdrafts (Note 22)	(31)	(36)
Cash and cash equivalents for statement of cash flows purpose at end of the year	6,003	3,288

19B. Non-Cash Transaction:

There were acquisitions of plant and equipment with a total cost of $152,000 (2011: $298,000) acquired by means of finance leases.

20. Share Capital

	Number of shares issued	Share capital
	'000	$'000
Group and Company		
Ordinary shares of no par value:		
Balance at beginning of the year 1 January 2011 and end of the year 31 December 2011 and 31 December 2012	108,000	10,579

20. Share Capital (Cont'd)

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:

Capital Management:

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

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

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

The above externally imposed capital requirements have been complied with by the group for the reporting years ended 31 December 2012 and 2011.

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.

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

	2012 $'000	2011 $'000
Net debt:		
All current and non-current borrowings including finance leases	18,496	17,301
Less cash and cash equivalents	(6,034)	(3,324)
Net debt	12,462	13,977
Adjusted capital:		
Total equity	21,085	21,156
Adjusted capital	21,085	21,156
Debt-to-adjusted capital ratio	0.59	0.66

21. Other Reserves

	Group	
	2012	**2011**
	$'000	**$'000**
Statutory reserve	190	190
Foreign currency translation reserve	(94)	77
	96	267

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

The foreign currency translation reserve accumulates all foreign exchange differences.

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.

22. Other Financial Liabilities

	Group	
	2012	**2011**
	$'000	**$'000**
Non-current:		
Term loans (secured) (Note 22B)	6,398	6,069
Term loans (unsecured) (Note 22B)	54	694
Finance leases (Note 22C)	220	362
Non-current, total	6,672	7,125
Current:		
Bank overdrafts (secured) (Note 22A)	31	36
Bank loans (unsecured) (Note 22A)	505	1,812
Term loans (secured) (Note 22B)	1,860	1,155
Term loans (unsecured) (Note 22B)	1,108	1,481
Finance leases (Note 22C)	270	234
Current, total	3,774	4,718
Total	10,446	11,843

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

	2012	**2011**
Bank overdrafts (secured)	7.60%	7.60%
Bank loans (unsecured)	3.30%	3.27% to 3.56%
Term loans (secured)	2.11% to 2.60%	2.51% to 6.90%
Term loans (unsecured)	2.53% to 2.82%	2.64% to 2.82%

22. Other Financial Liabilities (Cont'd)

22A. Bank Loans and Bank Overdrafts

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

1. The legal mortgages over the subsidiaries' leasehold and freehold properties (Note 14);
2. Corporate guarantee from the company;
3. The legal mortgages over a related party's freehold properties; and
4. Joint and several guarantee from certain directors of the group.

22B. Term Loans

	Group	
	2012	2011
	$'000	$'000
Term loan 1 (secured) (a)	703	768
Term loan 2 (secured) (b)	262	277
Term loan 3 (secured) (c)	5,793	6,179
Term loan 4 (unsecured) (d)	694	1,316
Term loan 5 (unsecured) (d)	468	859
Term loan 6 (secured) (e)	1,500	–
	9,420	9,399

	Group	
	2012	2011
	$'000	$'000
The non-current portion is repayable as follows:		
Due within 2 to 5 years	2,532	2,352
After 5 years	3,920	4,411
Total non-current portion	6,452	6,763

(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.

Although the loan is for a period of 20 years from May 2002, it has been classified as "current" because the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting year.

(b) Term loan 2 is repayable by 240 equal monthly instalments commencing November 2006. This is secured by a first and legal charge on a subsidiary's freehold property (Note 14) and a joint and several personal guarantees of certain directors of the group.

(c) Term loan 3 is repayable by 180 monthly instalments commencing October 2010. This is secured by a first and legal mortgage on a subsidiary's leasehold property (Note 14) and guarantee by the company.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

22. Other Financial Liabilities (Cont'd)

22B. Term Loans (Cont'd)

(d) Term loan 4 and 5 are repayable by 36 monthly instalments commencing February 2011.

Although term loan 5 is for a period of 3 years from February 2011, it has been classified as "current" because the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting year.

(e) Term loan 6 is repayable by 4 semi-annually instalments commencing January 2013. This is secured by guarantee by the company.

22C. Finance Leases

Group 2012	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	285	(15)	270
Due within 2 to 5 years	232	(12)	220
Total	517	(27)	490
Net book value of plant and equipment under finance leases			867

2011	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	248	(14)	234
Due within 2 to 5 years	383	(21)	362
Total	631	(35)	596
Net book value of plant and equipment under finance leases			389

There are leases for certain of its plant and equipment under finance leases. The average lease term is 2 to 4 years. The fixed rate of interest for finance leases is about 1.68% to 2.99% (2011: 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. The obligations under finance leases are secured by the lessor's charge over the leased assets.

23. Trade and Other Payables, Current

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Trade payables:				
Outside parties and accrued liabilities	2,380	2,718	359	354
Bills payables to banks (a)	8,050	5,458	–	–
Subtotal	10,430	8,176	359	354
Other payables:				
Other payables	116	530	–	538
Subsidiary (Note 3)	–	–	–	38
Subtotal	116	530	–	576
Total trade and other payables	10,546	8,706	359	930

(a) The range of floating interest rates was 2.10% to 4.06% (2011: 1.78% to 4.13%) per annum.

24. Acquisition of Subsidiaries

On 17 November 2011, the group acquired 99% of the share capital of Soon Lian Corporation Pte. Ltd. (formerly known as HLN Metal Centre Pte Ltd) and from that date the group gained control. On 8 December 2011, the group acquired additional 0.5% of the share capital of Soon Lian Corporation Pte. Ltd.. Accordingly, it became a 99.5%-owned subsidiary of the group. The transaction was accounted for by the acquisition method of accounting.

At date of acquisition, the carrying amounts of the subsidiaries acquired were as follows:

	Provisional fair value	Restated fair values
	$'000	$'000
Property, Plant and Equipment	288	288
Deferred Tax Assets	6	6
Intangible Assets	–	47
Cash and Cash Equivalents	402	402
Trade and Other Receivables	1,011	1,011
Inventories	2,777	2,777
Trade and Other Payables	(1,571)	(1,571)
Income Tax Payable	(3)	(3)
Net Tangible Assets Acquired	2,910	2,957
Non-Controlling Interests in Subsidiaries	(15)	(15)
Negative Goodwill	(734)	(781)
Total Purchase Consideration	2,161	2,161
Less: Balance of Consideration to be Paid	(538)	(538)
Purchase Consideration Paid	1,623	1,623
Less: Cash and Cash Equivalents Acquired	(402)	(402)
Net Cash Outflow on Acquisition	1,221	1,221

The non-controlling interest of 0.5% in the acquiree at the acquisition date was measured based on the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

24. Acquisition of Subsidiaries (Cont'd)

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

	Group	
	From date of acquisition in 2011	For the reporting year 2011
	$'000	$'000
Revenue	695	4,182
Profit (loss) before income tax (*)	679	(47)

* Including negative goodwill of $734,000.

In 2011, a negative goodwill arose from the acquisitions of the subsidiaries amounted to $734,000 was recognised on a provisional basis as the hindsight period allowed by FRS103 Business Combinations has not expired. In 2012, management has finalised the purchase price allocation ("PPA") exercise and identified the fair value of the identifiable assets, liabilities and contingent liabilities at date of acquisition.

Based on the PPA report issued by the independent professional valuer in October 2012, an intangible asset (non-contractual customer relationship) of $47,000 has been identified. Management has taken up the intangible asset identified by the independent professional valuer and accordingly increase the negative goodwill by $47,000.

At the end of the reporting year, management performed an impairment assessment and concluded to write off the intangible assets amounting to $47,000 under other charges in the profit or loss.

25. Derivatives Financial Instruments and Hedge Accounting

25A. Forward Currency Contracts

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

	Principal	Reference currency	Maturity	Fair value
	$'000			$'000
2012				
Foreign currency option	100 – 200	USD	15 February 2013	(2)
Foreign currency option	100 – 200	USD	12 April 2013	1
Foreign currency option	100 – 200	USD	16 April 2013	*
Foreign currency option	100 – 200	USD	29 January 2013	3
	400 – 800			2

25. Derivatives Financial Instruments and Hedge Accounting (Cont'd)

25A. Forward Currency Contracts (Cont'd)

	Principal $'000	Reference currency	Maturity	Fair value $'000
2011				
Foreign currency option	100 – 200	USD	9 April 2012	3

* Amount less than $1,000

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

25B. 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 26C.2).

26. Financial Instruments: Information on Financial Risks

26A. Classification of Financial Assets and Liabilities

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

	Group	
	2012 $'000	2011 $'000
Financial assets:		
Cash and cash equivalents	6,034	3,324
Financial assets of fair value through profit or loss designated as such upon initial recognition (included in other receivables)	2	3
Loans and receivables	5,535	5,863
At end of the year	11,571	9,190
Financial liabilities:		
Borrowings at amortised cost	10,446	11,843
Trade and other payables at amortised cost	10,546	8,706
At end of the year	20,992	20,549

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

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

26A. Classification of Financial Assets and Liabilities (Cont'd)

	Company	
	2012	2011
	$'000	$'000
Financial assets:		
Cash and cash equivalents	48	7
Loans and receivables	986	1,548
At end of the year	1,034	1,555
Financial liabilities:		
Trade and other payables at amortised cost	359	930
At end of the year	359	930

Further quantitative disclosures are included throughout these financial statements.

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

26B. Financial Risk Management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. The main risks arising from the entity's financial instruments are credit risk, interest rate risk, liquidity risk, foreign currency risk and market price risk comprising interest rate and currency risk exposures. 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.

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

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

There has been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

The chief financial officer who monitors the procedures reports to the audit committee of the board.

With regard to derivatives, the policies include the following:

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

2. Ineffectiveness is recognised in profit or loss as soon as it arises.

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

4. Only financial institutions with acceptable credit ratings are used as counterparties for derivatives.

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

26C. Fair Values of Financial Instruments

26C.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.

26C.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: Level 1: 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 of $2,000 (2011: $3,000). They were measured at Level 2 of the fair value hierarchy.

26D. Credit Risk on Financial Assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents 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.

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

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 (2011: 30 to 90 days). But some customers take a longer period to settle the amounts.

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

	Group	
	2012	**2011**
	$'000	**$'000**
Trade receivables:		
Less than 30 days	1,470	789
31 to 60 days	570	378
61 to 90 days	101	387
91 to 180 days	340	155
Over 180 days	339	208
Total	2,820	1,917

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

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

26D. Credit Risk on Financial Assets (Cont'd)

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

	Group	
	2012	2011
	$'000	$'000
Trade receivables:		
Less than 30 days	–	–
31 to 60 days	–	36
61 to 90 days	–	–
91 to 180 days	–	–
Over 180 days	4,002	4,383
Total	4,002	4,419

The allowance which is disclosed in the Note 17 on trade receivables is based on individual accounts totalling $4,002,000 (2011: $4,419,000) that are determined to be impaired at the end of reporting year. These are not secured.

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

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

	Group	
	2012	2011
	$'000	$'000
Top 1 customer	3,775	3,854
Top 2 customers	4,521	5,228
Top 3 customers	5,191	5,784

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

26E. Liquidity Risk

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

Group	Less than 1 year $'000	2 – 5 years $'000	Over 5 years $'000	Total $'000
Non-derivative financial liabilities:				
2012:				
Gross borrowing commitments	2,993	3,418	4,591	11,002
Gross finance lease obligations	285	232	–	517
Trade and other payables	10,546	–	–	10,546
At end of the year	13,824	3,650	4,591	22,065
2011:				
Gross borrowing commitments	3,554	3,654	5,624	12,832
Gross finance lease obligations	248	383	–	631
Trade and other payables	8,706	–	–	8,706
At end of the year	12,508	4,037	5,624	22,169

Company	Less than 1 year 2012 $'000	Less than 1 year 2011 $'000
Non-derivative financial liabilities:		
Trade and other payables	359	930
At end of the year	359	930

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

Group	Less than 1 year $'000
Derivative financial liabilities:	
2012:	
Foreign currency forward derivative	979
At end of the year	979

	Less than 1 year $'000
Derivative financial liabilities:	
2011:	
Foreign currency forward derivative	252
At end of the year	252

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

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

26E. Liquidity Risk (Cont'd)

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay. At the end of the reporting year no claims on the financial guarantees are expected to be payable.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 to 90 days (2011: 30 to 90 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

Bank facilities:

	Group	
	2012	**2011**
	$'000	**$'000**
Undrawn borrowing facilities	23,239	29,309

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.

26F. 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 following table analyses the breakdown of the significant financial instruments (excluding derivatives) by type of interest rate:

	Group	
	2012	**2011**
	$'000	**$'000**
Financial liabilities:		
Fixed rates	1,990	596
Floating rates	16,506	16,705
Total at end of the year	18,496	17,301

The floating rate debt instruments are with interest rates that are re-set regularly at one, three or six month intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis:

	Group	
	2012	**2011**
	$'000	**$'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	18	17

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

26F. Interest Rate Risk (Cont'd)

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).

26G. Foreign Currency Risks

Analysis of amounts denominated in non-functional currency:

Group 2012:	US dollars $'000	China RMB $'000	Japanese Yen $'000	Malaysian Ringgit $'000	Total $'000
Financial assets:					
Cash	335	469	–	123	927
Loans and receivables	1,147	961	–	289	2,397
Total financial assets	1,482	1,430	–	412	3,324
Financial liabilities:					
Other financial liabilities	–	–	–	293	293
Trade and other payables	8,287	148	123	38	8,596
Total financial liabilities	8,287	148	123	331	8,889
Net financial assets/(liabilities) at end of the year	(6,805)	1,282	(123)	81	(5,565)

2011:	US dollars $'000	China RMB $'000	Euro dollars $'000	Malaysian Ringgit $'000	Total $'000
Financial assets:					
Cash	520	578	2	53	1,153
Loans and receivables	217	950	–	339	1,506
Total financial assets	737	1,528	2	392	2,659
Financial liabilities:					
Other financial liabilities	–	–	–	317	317
Trade and other payables	5,428	1,409	–	22	6,859
Total financial liabilities	5,428	1,409	–	339	7,176
Net financial assets/(liabilities) at end of the year	(4,691)	119	2	53	(4,517)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

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

26G. Foreign Currency Risks (Cont'd)

Sensitivity analysis:

	Group	
	2012	**2011**
	$'000	**$'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	681	469

The above table shows sensitivity to a hypothetical 10% variation in the functional currency against the relevant foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies, there would be comparable impacts in the opposite direction on profit or loss.

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

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out without taking into consideration hedged transactions.

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

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.

27. Capital Commitments

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

	Group	
	2012	**2011**
	$'000	**$'000**
Commitments to purchase of plant and equipment	210	152

28. 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	
	2012	**2011**
	$'000	**$'000**
Not later than one year	307	221
Later than one year and not later than five years	957	492
Later than five years	4,197	4,046
Rental expense for the year	292	416

Operating lease payments represent mainly rentals payable for subsidiaries' leasehold property, factory properties, warehouse and dormitory. The lease rental term of the subsidiary's leasehold property is for 60 years. The lease rental term for subsidiaries' factory properties ranges from 1 to 3 years. The above rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

29. Changes and Adoption of Financial Reporting Standards

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

FRS No.	**Title**
FRS 1	Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income
FRS 12	Deferred Tax (Amendments to) – Recovery of Underlying Assets (*)
FRS 107	Financial Instruments: Disclosures (Amendments to) - Transfers of Financial Assets (*)

(*) Not relevant to the entity.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

30. 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 1	Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income	1 Jul 2012
FRS 1	Amendment to FRS 1 Presentation of Financial Statements (Annual Improvements)	1 Jan 2013
FRS 16	Amendment to IAS 16 Property, Plant and Equipment (Annual Improvements)	1 Jan 2013
FRS 19	Employee Benefits (Revised)	1 Jan 2013
FRS 27	Consolidated and Separate Financial Statements (Amendments to)	1 Jul 2012
FRS 27	Separate Financial Statements (Revised)	1 Jan 2014
FRS 28	Investments in Associates and Joint Ventures (Revised) (*)	1 Jan 2014
FRS 32	Amendment to FRS 32 Financial instruments: Presentation (Annual Improvements)	1 Jan 2013
FRS 107	Amendments to FRS 32 and 107 titled Offsetting Financial Assets and Financial Liabilities (*)	1 Jan 2013
FRS 110	Consolidated Financial Statements	1 Jan 2014
FRS 111	Joint Arrangements (*)	1 Jan 2014
FRS 112	Disclosure of Interests in Other Entities	1 Jan 2014
FRS 110	Amendments to FRS 110, FRS 111 and FRS 112	1 Jan 2014
FRS 113	Fair Value Measurements	1 Jan 2013
INT FRS 120	Stripping Costs in the Production Phase of a Surface Mine (*)	1 Jan 2013

(*) Not relevant to the entity.

PROPERTIES OF THE GROUP

Year ended 31 December 2012

Location	Description	Existing use	Tenure of land
35 Tuas Avenue 2 Singapore 639464	A single storey detached factory with mezzanine office	Office, workshop and warehouse	30 years from 16 July 1989 with option to extend another 30 years
5 Jalan Gemilang 3 Taman Perindustrian Cemerlang 81800 Ulu Tiram Johor, Malaysia	Semi-detached factory	Office, workshop and warehouse	Freehold

STATISTICS OF SHAREHOLDINGS

As at 20 March 2013

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 20 MARCH 2013

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	0	0.00	0	0.00
1,000 - 10,000	291	65.99	1,553,000	1.44
10,001 - 1,000,000	141	31.97	15,665,000	14.50
1,000,001 and above	9	2.04	90,782,000	84.06
Total	**441**	**100.00**	**108,000,000**	**100.00**

Shareholding held by the public

Based on the information available to the Company as at 20 March 2013, approximately 27.39% the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual Section B: Rules of Catalist issued by the Singapore Exchange Securities Trading Limited is complied with.

TWENTY LARGEST SHAREHOLDERS AS AT 20 MARCH 2013

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	4,187,000	3.88
4	Maybank Kim Eng Securities Pte. Ltd.	2,255,000	2.09
5	Sia Ling Sing	1,665,000	1.54
6	Ng Kim Ying	1,600,000	1.48
7	DMG & Partners Securities Pte Ltd	1,150,000	1.06
8	Tan Ee Hoon	1,012,500	0.94
9	Tan Ee Tin	1,012,500	0.94
10	Ang Yu Seng	1,000,000	0.93
11	Tan Yee Chin	998,334	0.92
12	Tan Yee Ho	998,333	0.92
13	Tan Yee Leong	998,333	0.92
14	Ng Chwee Cheng	903,000	0.84
15	Kuah Kian Hoe	764,000	0.71
16	Ang De Yu	600,000	0.56
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	Gan Han Neo	377,000	0.35
Total		**98,726,000**	**91.42**

STATISTICS OF SHAREHOLDINGS

As at 20 March 2013

SUBSTANTIAL SHAREHOLDERS AS AT 20 MARCH 2013

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

Year ended 31 December 2012

NOTICE IS HEREBY GIVEN that the 2013 Annual General Meeting of the shareholders of the Company will be held at 35 Tuas Avenue 2 Singapore 639464 on Wednesday, 24 April 2013 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 2012. — 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 member of the Remuneration Committee and Nominating 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]

4. To approve the Directors' fees of $85,000 for the year ended 31 December 2012. — Resolution 4

5. 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:

6. **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,

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)]

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

NOTICE OF ANNUAL GENERAL MEETING

Year ended 31 December 2012

Explanatory Note:

(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.

BY ORDER OF THE BOARD

Ng Kim Ying
Company Secretary

Singapore

Date : 5 April 2013

Notes :

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

b) If a proxy is to be appointed, the form must be deposited at the registered office of the Company at 35 Tuas Avenue 2 Singapore 639464 not less than 48 hours before the meeting.

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

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

SOON LIAN HOLDINGS LIMITED

Registration No. 200416295G
(Incorporated in Singapore)

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 2013 Annual General Meeting of the Company to be held on Wednesday, 24 April 2013 at 35 Tuas Avenue 2 Singapore 639464 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 2012		
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 2012		
5	Re-appointment of RSM Chio Lim LLP as Auditors		
6	Proposed Share Issue Mandate		

Signed this ________ day of __________ 2013

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 35 Tuas Avenue 2 Singapore 639464 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.

SOON LIAN
HOLDINGS LIMITED
順聯 控股有限公司

SINGAPORE • CHINA • MALAYSIA

Soon Lian Holdings Limited
Company registration no. 200416295G

35 Tuas Avenue 2 Singapore 639464
Telephone: + (65) 6261 8888
Facsimile: + (65) 6862 6888
Email: irelations@soonlian.com

WWW.SOONLIAN.COM

cre8
Tel: (65) 63278398