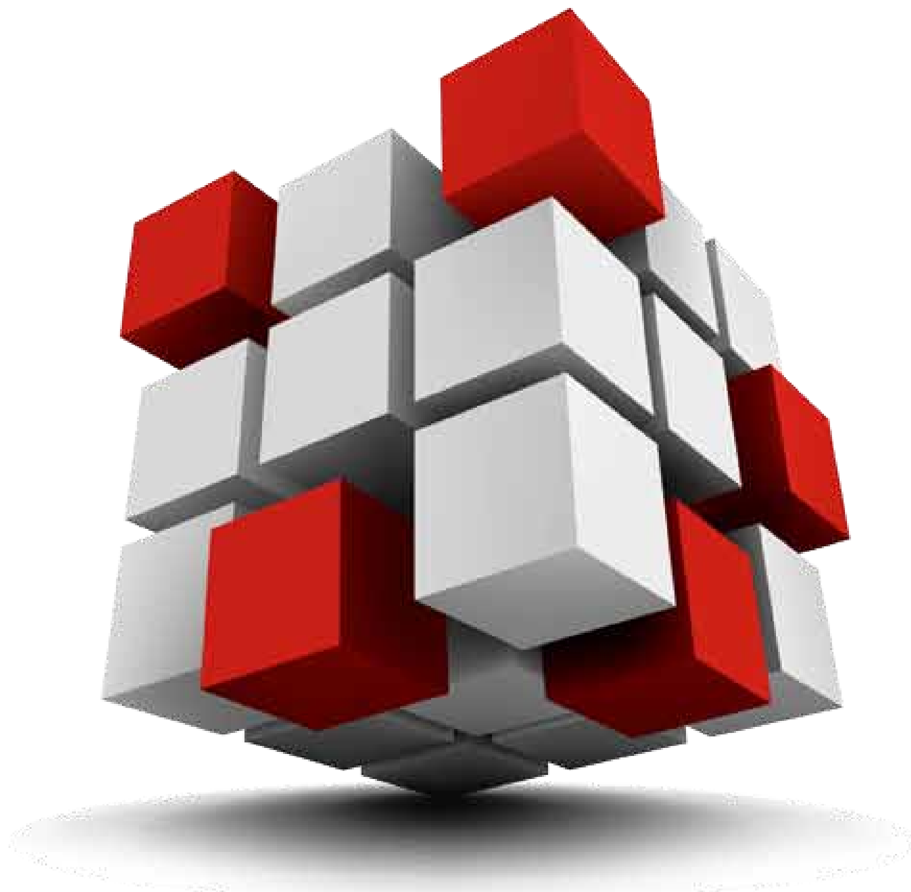
SOON LIAN
HOLDINGS LIMITED
順聯 控股有限公司



CONSOLIDATING OUR STRENGTHS

ANNUAL REPORT 2013

30 YEARS OF EXCELLENCE

Soon Lian Hardware (Pte) Ltd celebrated its 30th anniversary in 2013. From its foundation in 1983 through the various stages in its development, Soon Lian Hardware has firmly established its market presence as a leading aluminium alloy specialist supplier. With its expansion, Soon Lian Hardware has laid the basis for our establishment as a Group and eventual listing on the Singapore Exchange in 2007.

CONTENTS

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this annual report.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Ms Karen Soh, Managing Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road, #21-02 Singapore 068896, Telephone (65) 6854 6160.

COMPANY 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 30 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 88.9% of our revenue in FY 2013. 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 Austria, Greece, Italy, Japan, PRC, Singapore, South Africa and USA. Our major suppliers such as Alcoa, AMAG, Elval, Hulamin and Kobelco 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, Taiwan, 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 2014. These accolades are a clear recognition of our growth and regionalisation efforts made over the years.

BUSINESS SEGMENTS AND INDUSTRIES

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.

Oil and Gas

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

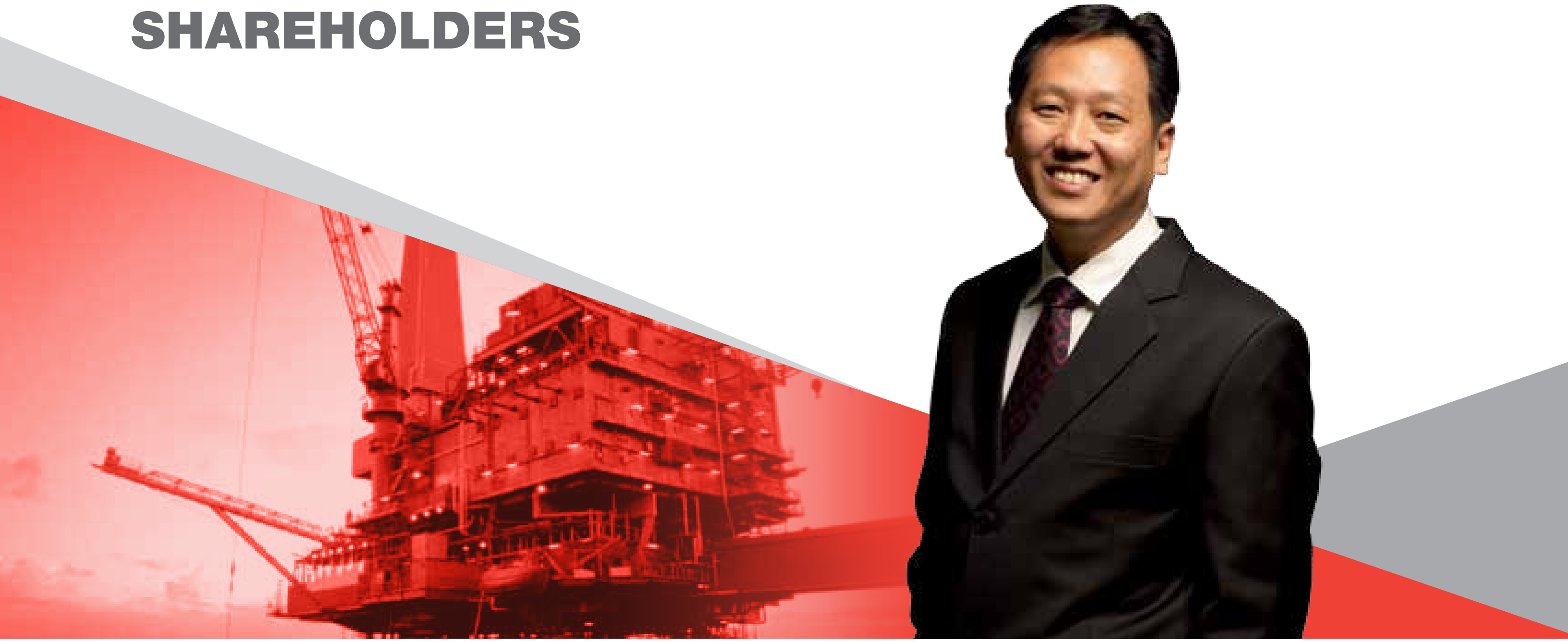
Others

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

STRENGTH IN OUR INTEGRATED BUSINESS

In FY 2013, we have achieved an improved financial performance despite economic uncertainties. This is attributable to our consolidated operations, which gave us stability while allowing us to seize opportunities as and when they arise.

LETTER TO SHAREHOLDERS



Dear Shareholders,

2013 has been a good year for our company. Leveraging on our group-wide resources and extensive business network, Soon Lian Holdings achieved revenue growth across the board and improvement in operating and net profit. This achievement is commendable given the continued uncertainty pervading the wider economic environment.

While the global business environment was clouded by persistent worries over US and European sovereign debt issues and weak growth or economic recession in developed economies, Asia, where we conduct the bulk of our business, displayed relatively more resilience. Even though China had to continue grappling with inflation and economic slowdown, our operations improved steadily as we expanded sales efforts. Both Singapore and Malaysia's operating environments were also conducive, with the Singapore economy expanding by 4.1% in 2013 compared to 2012, according to the Singapore Ministry of Trade and Industry in February 2014. Against this backdrop, I am pleased to write to you that the Group registered a strong 31.4% expansion in revenue to S$35.6 million while gross profits grew 35.0% to S$6.6 million. With increases in the selling prices of our products, our Group's gross profit margin strengthened to 18.6%, compared to 18.1% in FY2012. What is equally encouraging is that all our subsidiaries in Singapore, China and Malaysia achieved growth in revenue during the financial year. All in, our Group's net profit for the year in review was S$0.4 million, a strong improvement over the S$0.1 million net profit achieved in the previous financial year.

In China, our expanding market share and presence in Suzhou and Shenzhen, combined with improved demand from the semi-conductor industry boosted sales in the precision engineering segment. Meanwhile, in Singapore, sales from the precision engineering segment also expanded. In Singapore, sales for the Marine segment was robust with increased revenue secured from local and overseas customers. In this segment, our clients are mostly from the shipbuilding and offshore marine engineering sectors.

Aside from these operational highlights, other significant activities we are currently undertaking include the ongoing sale of our existing headquarters and warehouse at 35 Tuas Avenue 2 for S$19.8 million and our ongoing purchase of a new property at 9 Tuas Avenue 2 for S$21.5 million. The sale of the property at 35 Tuas Avenue 2 would generate a net gain of S$10.7 million over its net book value as at 31 December 2013.

After all conditions precedent are met, including the completion of the purchase of the property at 9 Tuas Avenue 2, we will then complete the sale of our current headquarters and warehouse at 35 Tuas Avenue 2. Net proceeds from this sale will be used to fund the purchase of our new headquarters and warehouse at 9 Tuas Avenue 2. We intend to move our operations to the new premises in the second half of FY2014.

As our new premises at 9 Tuas Avenue 2 is conveniently located down the road from where we are currently located, we do not anticipate much downtime in our relocation. This 2-storey detached factory has a land area of about 149,000 sq ft and an aggregate built-in area of 85,500 sq ft. The built-in area is about 30% larger than our present headquarters and warehouse while the total land area is about 65% larger.

LETTER TO SHAREHOLDERS

Outlook

Our progress has been based on our responsiveness to the market, our market outreach efforts, as well as strong client and supplier networks. I believe these basic attributes have enabled us to weather the changes in our operating environment in FY2013 and come through with a strong performance. This will put us in good stead as we enter the new financial year.

Looking ahead, according to the International Monetary Fund in a January 2014 report, global growth is expected to pick up in 2014. Growth is forecasted to be 3.7%, led by recovering advanced economies. Emerging economies, overall, are expected to register weaker growth as they face structural bottlenecks in areas such as infrastructure, labour markets and investments. In China, assuming the government continues with its gradual economic soft landing policy, and the electronics sector remains on an even keel, there should be opportunities for growth for our Group. Meanwhile, in Singapore, the government in February 2014 projected the economy to grow by a modest 2.0% to 4.0% in 2014, with the externally-oriented sectors benefiting more than the labour-intensive, domestically-oriented ones, where challenges to growth will be more intense. Nonetheless, with our wide customer base in Singapore, our flexibility and pro-activeness, I believe we will be able to create and capitalise on prospects that come our way.

Operationally, our new premises will provide further room for an increase in inventory and machinery as and when such need arises. As always, our co-ordinated and group-wide management of resources will place us in good stead to meet customer demands both in Singapore and overseas. Moreover, our reputation for providing high quality aluminum alloy distinguishes us especially in emerging markets such as China.

Conclusion

By most measures, prospects for 2014 seem promising. With our focus, strong networks and gradual expansion in inventory space, we are primed to capitalize on opportunities as and when they arise. In fact, we foresee positive prospects for our two largest segments of marine and precision engineering in FY2014, as well as the continued growth in our two largest geographical markets of Singapore and China. We believe if these business trends continue, barring any unforeseen circumstances, we remain cautiously optimistic of our performance in FY2014.

Having said that, we are aware that risks will still remain. Chief among them being persistent inflation and customers' credit risks. As we expand, we are also challenged to find the right personnel and human capital to support our growth and development. Nonetheless, with our experience in navigating uncertain business environments and our determination, I am confident we will rise to the occasion.

In conclusion, on behalf of the Board, allow me to thank our Board of Directors, management and staff, as well as business partners, for their efforts and advice over FY2013. Special thanks must go out to the directors and our business partners for their confidence in us and wise counsel as we negotiate through the two large property transactions. We would also like to acknowledge the valued support of our shareholders and customers in a brisk and eventful year. A heartfelt thank you must also be extended to our management and staff for their energy and talent. It is these attributes that have enabled us to maximise business opportunities and provide superior customer service.

Last but not least, the year 2013 marked a milestone for Soon Lian Hardware (Pte) Ltd as we celebrated its 30th anniversary. Through the various chapters in its development, Soon Lian Hardware strengthened and grew in market presence, laying the foundation for our growth as a Group and our eventual listing on the Singapore Exchange in 2007. We would like to take this opportunity to sincerely thank our staff, management, directors and business partners who have contributed to its success over the years. As a Group, we look forward to our continued development and partnership with key stakeholders in FY2014.

Tony Tan Yee Chin
Chairman and CEO

Pursuant to Rule 708 of the Catalist Rules, the Chairman's Statement represents the collective view of the Board.

STRENGTH IN OUR EXPANDING MARKETS

Today, we serve important markets that are essential to economic growth, and we're well-positioned to expand our reach into additional geographies and new markets. Moving forward and beyond, we will further leverage our operations in Singapore, China and Malaysia to meet the needs of our international clients, and reach out to a wider pool of customers.

Supplier Base

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

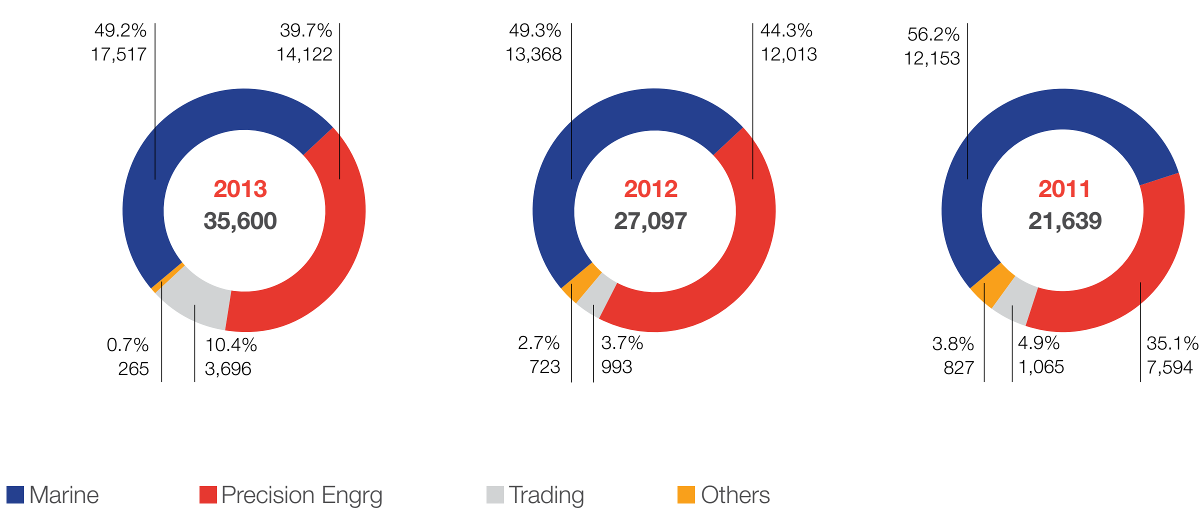
Customer Base

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

FINANCIAL HIGHLIGHTS

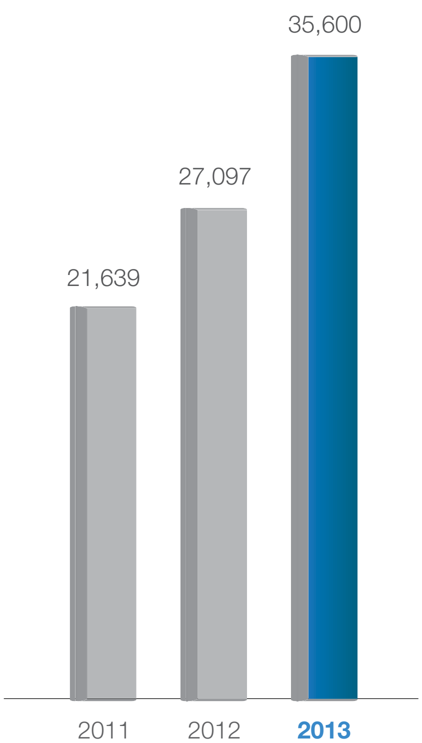
	FY2013 S$'000	FY2012 S$'000
INCOME STATEMENT		
Revenue	35,600	27,097
Gross Profit	6,629	4,912
Profit before Taxation	652	103
Taxation	(274)	(4)
Profit after Tax	378	99
Earnings per Share (in cents)	0.35	0.09
BALANCE SHEET		
Assets		
Non-Current Assets	2,946	11,814
Current Assets	48,288	30,299
Total Assets	51,234	42,113
EQUITY AND LIABILITIES		
Total Equity	21,680	21,099
Non-Current Liabilities	301	6,672
Current Liabilities	29,253	14,342
Total Liabilities	29,554	21,014
Total Equity and Liabilities	51,234	42,113
Net Asset Value per Share (in cents)	20.1	19.5

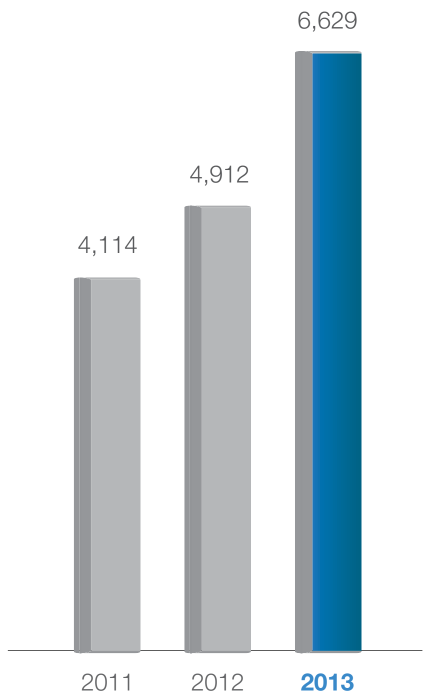
Sales (By Segment)
(S$'000) (%)

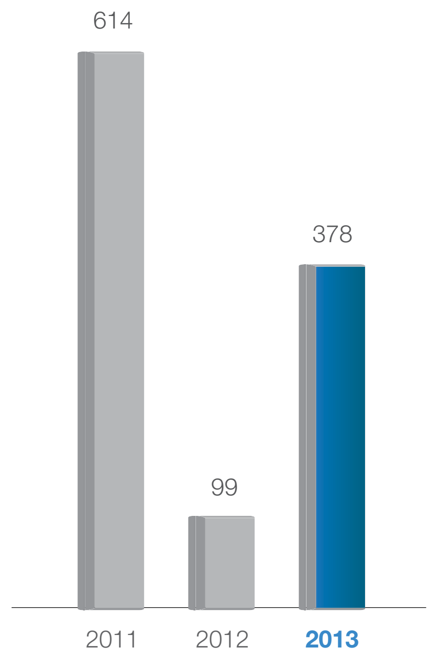


FINANCIAL HIGHLIGHTS

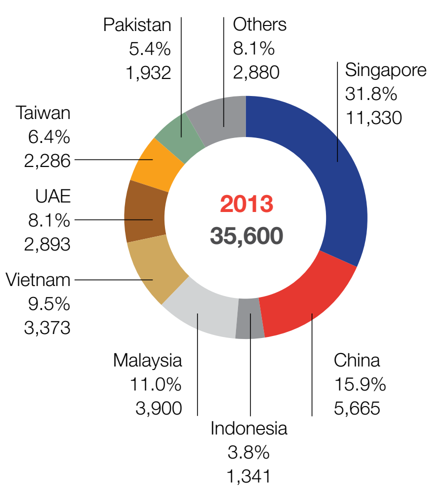
Revenue (S$'000)	Gross Profit (S$'000)	Net Profit After Tax (S$'000)

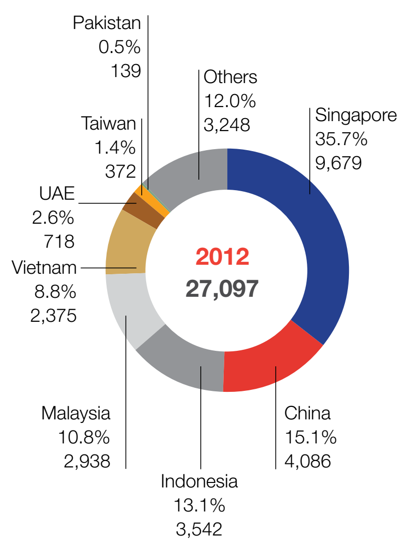


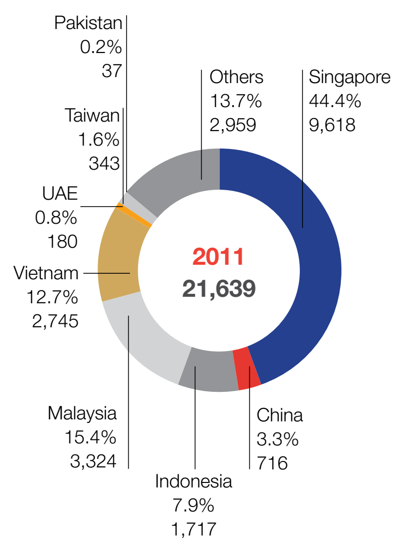




Sales (By Country)
(S$'000) (%)







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 each individual customer's specifications. Our cutting service enables customers to focus on their core competence in shipbuilding or precision engineering, and reduce or avoid additional investments in machines and equipment for the cutting of 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.

OPERATIONS AND FINANCIAL REVIEW

Operational Highlights for FY2013

Our Group revenue registered a strong 31.4% increase to S$35.6 million in FY2013 from S$27.1 million in FY2012. This was mainly due to increase in sales from all main segments—the marine industry, precision engineering industry and stockist and traders.

The marine segment booked sales of S$17.5 million, an increase of S$4.1 million over the year, with more orders from local and overseas customers. It remained the largest revenue contributor, accounting for 49.2% of the Group's revenue in FY2013. This was achieved with our strong customer base in the offshore marine engineering and leisure marine sectors.

Our second largest revenue segment was the precision engineering segment with sales amounting to S$14.1 million, an increase of S$2.1 million compared to FY2012. Precision engineering sales contributed about 39.7% to total Group revenue in FY2013. The increase in sales over the year was achieved through higher revenue generated by our subsidiaries in the People's Republic of China. Meanwhile, sales to our stockists and traders increased by S$2.7 million to S$3.7 million due mainly to the increase in demand from overseas stockists and traders.

Over the year in review, Singapore remained our main market, accounting for 31.8% or S$11.3 million of Group revenue. China sales was the next largest, amounting to 15.9% or S$5.7 million. Malaysia became our third largest market, with revenue contribution amounting to 11% or S$3.9 million. Sales in Vietnam were S$3.4 million or 9.5% of Group revenue, while sales in Dubai (UAE) was S$2.9 million or 8.1% of Group revenue. At the same time, we continued to reach out and cultivate a diverse and international base of customers, exporting to over 15 countries worldwide in FY2013.

Moving forward into 2014, we anticipate improved business conditions as the world economy gradually improves. Our Group stands ready to take advantage of these developments, building on our expanding base in Singapore when we complete our relocation of our headquarters and warehouse, targeted for the second half of 2014. This will complement our Malaysia operations and our two metal service centres in the industrial hubs of Suzhou and Shenzhen, enabling us to better service our pool of expanding customers through the integration of Group-wide resources and strengths.

OPERATIONS AND FINANCIAL REVIEW

Financial Review

In FY2013, Group revenue strengthened S$8.5 million or 31.4% to S$35.6 million, from S$27.1 million in FY2012. Net profit was booked at S$0.4 million, compared to S$0.1 million in FY2012.

Gross profit increased 35.0% or S$1.7 million to S$6.6 million, from S$4.9 million a year before as a result of higher revenue and generally higher gross profit margin. Gross profit margin improved from 18.1% in FY2012 to 18.6% in FY2013. This increase was due mainly to increases in the selling prices of our products.

Other credits decreased by S$0.4 million or 62.7%, from S$0.6 million in FY2012 to S$0.2 million in FY2013. The higher level of other credits in FY2012 was due to the foreign exchange gains of S$0.3 million, and reversal for impairment on inventories of S$0.1 million. In FY2013, other credits comprised mainly foreign exchange adjustment gains of S$0.2 million.

Marketing and distribution costs increased by S$0.6 million or 71.3% from S$0.8 million in FY2012 to S$1.4 million in FY2013. This was mainly due to an increase in commission expenses as we secured more sales through our overseas sales agents.

Administrative expenses increased by S$0.2 million or 6.4%, from S$4.0 million in FY2012 to S$4.2 million in FY2013. This was mainly due to an increase in payroll expenses (as a result of annual salary increments) and other general administrative expenses.

Finance costs for FY2013 remained relatively constant at S$0.6 million as compared to that of FY2012. These related mainly to interest expenses for our banking facilities.

At the same time, other charges decreased by S$69,000 from S$81,000 in FY2012 to S$12,000 in FY2013.

All in, the Group made a profit before tax of S$0.7 million in FY2013, compared to profit before tax of S$0.1 million in FY2012.

OPERATIONS AND FINANCIAL REVIEW

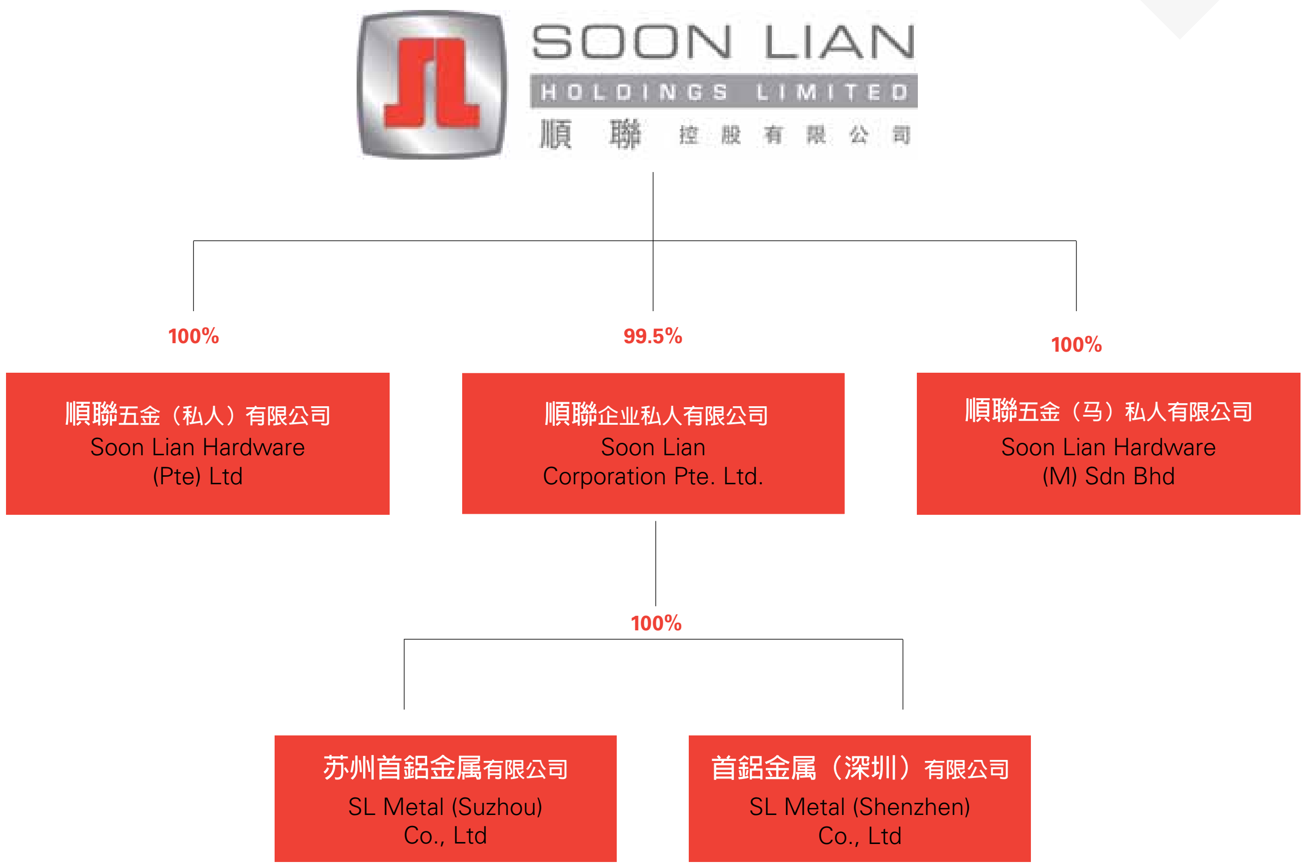
Market Outlook

Entering 2014, we see some economic challenges. Of note would be the continuance of high unemployment in the US and Europe. According to the US Department of Labor, hiring remained low in December 2013 and January 2014 while Eurostat, the European Union's official statistical agency, pointed to an unemployment rate of 12% in December 2013 for Eurozone economies. This is unchanged since October 2013. Such high unemployment puts a drag on consumption-driven demand. Meanwhile, the Chinese government is determined to continue in its slow growth plans as it engineers a slowdown with credit tightening policies.

Despite these current conditions, we believe the overall business environment should improve. According to the International Monetary Fund in a January 2014 update, the world economy should pick up momentum over the course of the year. It projects expansion at 3.7% for 2014, compared with 3.0% in 2013. This will likely be led by recovery in advanced economies such as the US and Europe as they gradually turn the corner with better management of sovereign debt.

Against this strengthened background, we are optimistic for 2014 and will seek to take advantage of opportunities as they arise. Our expanding presence and storage capacity in our key markets of Singapore and China give us added flexibility going forward. Despite improving conditions, risks such as fluctuating currencies and volatile capital flows, combined with their spillover effects into the economy, will remain. As a Group, we will have to monitor and manage these external risks as well as our operating costs and credit limits.

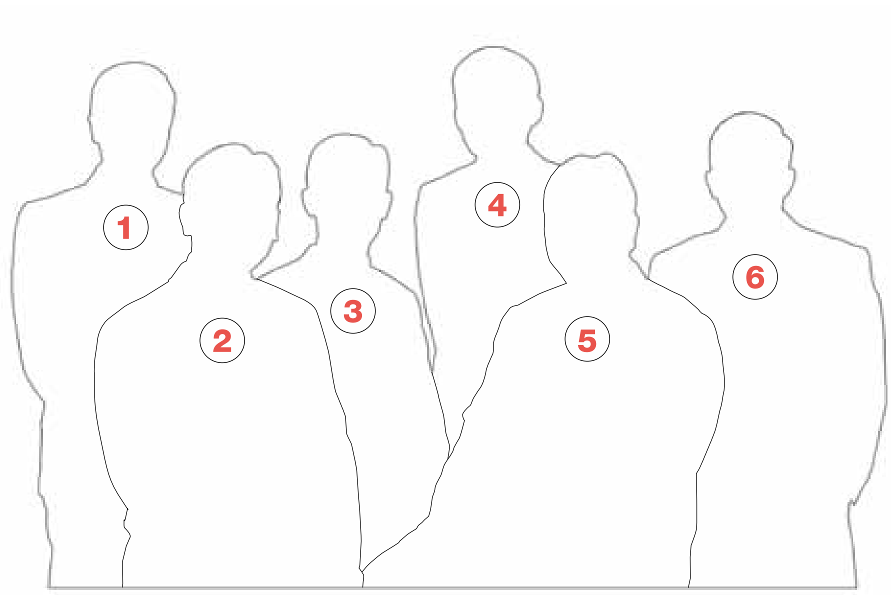
CORPORATE STRUCTURE



STRENGTH IN OUR
DEDICATED PEOPLE

Our high-quality workforce approaches each day with pride and commitment—and is eager to excel as part of a winning team. For 30 years, they've been Soon Lian's key driving force to succeed. Upholding the same core values, we aim to keep abreast of the developments and trends in customer's demands as well as seek the next-best possibilities in the aluminium industry.

BOARD OF DIRECTORS



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

BOARD OF DIRECTORS

TAN YEE CHIN

Chairman and Chief Executive Officer

Tan Yee Chin, our Chairman and Chief Executive Officer, is responsible for the overall management, operations, 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 markets 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 of the Group's local and overseas customers to keep abreast of the developments and trends in customers' demands. He has been with our Group since we commenced operations in 1984 and was primarily responsible for the operations of the Group. His responsibilities expanded to include overseeing our Group's procurement functions in 1995.

BOARD OF DIRECTORS

LEE SEN CHOON

Lead Independent Director

Lee Sen Choon was appointed as the Lead Independent Director of our Company on 31 October 2007. He is currently a senior partner of Messrs UHY Lee Seng Chan & Co., a public accounting firm in Singapore. He has more than 30 years of experience in accounting, audit, taxation and corporate secretarial work. Lee Sen Choon is the Vice-Chairman of the Board of Directors of the Singapore Chinese High School and the Treasurer of Board of Governors of Hwa Chong Institution. He is also the Chairman of the School Advisory Committee of Xingnan Primary School. In addition, he sits on two other publicly listed companies as an Independent Director. These companies are Best World International Ltd and Hor Kew Corporation Ltd. Lee Sen Choon is a fellow member of the Institute of Chartered Accountants in England and Wales and a practising member of the Institute of Singapore Chartered Accountants. Lee Sen Choon holds a Bachelor of Science (Honours) degree from the then Nanyang University and has a post-graduate diploma in Management Studies from the University of Salford, United Kingdom.

TAN SIAK HEE

Independent Director

Tan Siak Hee was appointed as an Independent Director of our Company on 31 October 2007. He has been the sole-proprietor of Messrs S H Tan & Associates, a law firm in Singapore, for the past 29 years. Tan Siak Hee is a Commissioner for Oaths 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 food and beverage and property development. From 2004 to 2010, he was the executive director of CKG Chemicals Pte Ltd, in charge of their finance 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 the 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 Deputy Chairman and Executive Director of Jackspeed Corporaton Ltd. He is also an Independent Director and the Chairman of the Audit Committee of M Development Limited and Seroja Investment Ltd, and is also an Independent Director of Travelite Holdings Ltd. These companies are listed on the Mainboard of the Singapore Exchange. He is also the Lead Independent Director and Chairman of the Audit Committee of Sincap Group Limited, a company listed on Catalist 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 Financial Reporting Standards. Prior to joining us in 1999, she was the financial controller of Chuan Soon Huat Industrial Group Ltd, a company listed on the SGX-ST, from 1994 to 1998 where she oversaw the financial and accounting matters of the company. Between 1981 and 1994, she was an auditor at Lee Seng Chan & Company, a local accounting firm. Ng Kim Ying holds a Bachelor of Commerce (Accountancy) from the then Nanyang University. She is a fellow Chartered Accountants with the Institute of Singapore Chartered Accountants.

WU WEI-TSUNG, WILLIAM

General Manager (Suzhou & Shenzhen)

Wu Wei-Tsung, our General Manager (Suzhou and Shenzhen) is responsible for the general, sales development and operations management of our plants in Suzhou and Shenzhen, China. He has more than 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.

LIM HENG MIN

General Manager, Sales & Marketing

Lim Heng Min, our General Manager, Sales & Marketing is responsible for overseeing and managing the local and overseas sales function, as well as business development activities in overseas markets. He has more than 25 years experience in a wide and diverse field covering Facilities/ Project / Construction management and has held senior management roles with Basis Bay, Johnson Controls @Rolls Royce Group Property, United Premas Ltd, PMB Pte Ltd, M+W Zander (S) Pte Ltd. He holds a B.Sc in Facilities Management (Heriot Watt University), Specialist Diploma in Business Administration (BCA) and also a Project Management Professional and Certified Data Center Professional.

CORPORATE INFORMATION

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

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

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

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

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COMPANY SECRETARY
Ng Kim Ying, FCA Singapore

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Effective from year ended 31 December 2013

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 2012 (the "Code"). Where there are deviations from the Code, appropriate explanations are provided.

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 Affairs

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

The Board's primary role is to protect and enhance long-term shareholders' value. The principal functions of the Board include setting the Company's strategic plans, values and standards, reviewing 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 terms and effectiveness of each Board Committee is also reviewed by the Board on a regular basis. Minutes of all Board Committees will be circulated to the Board so that Directors are aware of and kept updated as to the proceedings and matters discussed during the Board committees' meetings.

The Board meets on a regular basis to approve, among others, the Group's financial results announcement. Ad-hoc meetings are held at such times, as and when required, to address any specific significant matters which may arise. The Articles of Association of the Company provide for Directors to convene meetings other than physical meetings, by teleconferencing.

Details of the Directors' attendances at Board and Board Committee Meetings from 1 January 2013 to 31 December 2013 are set out below:

DIRECTORS	BOARD		AC		NC		RC	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Tan Yee Chin	3	3	2	2*	1	1*	2	2*
Tan Yee Ho	3	3	2	2*	1	1*	2	2*
Tan Yee Leong	3	2	2	2*	1	1*	2	2*
Lee Sen Choon	3	3	2	2	1	1	2	2
Tan Siak Hee	3	3	2	2	1	1	2	2
Yap Kian Peng	3	3	2	2	1	1	2	2

* By invitation

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

New appointments to the Board will receive a formal appointment letter setting out their duties and obligations. New appointments to the Board will also be briefed by Management or any such appropriate persons on the Group's business operations and governance practices to ensure that new Directors have an insight into the workings of the Group. During the financial year reported on, all Directors had received updates on changes to the Catalist Rules. Directors are encouraged to constantly keep abreast of development in regulatory, legal and accounting frameworks and regulations that are of relevance to the Group through participation in seminars and workshops.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

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

Executive Directors

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

Non-executive Directors

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

As the Chairman and CEO is the same person, the Company has satisfied the requirement of the Code that at least half of the Board consists of independent directors. Lee Sen Choon, Tan Siak Hee, Yap Kian Peng have confirmed that they do not have any relationship with the Company, its related companies, shareholders who hold more than 10% of the Company's total voting shares or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgment with a view to the best interests of the Company.

The NC 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 FY2013, the NC has reviewed and determined that the three non-executive directors are independent. None of the Independent Directors have served on the Board beyond nine years from the date of his first appointment.

The Board is of the view that the current Board comprises persons who as a group, provide core competencies necessary to meet the Company's requirements and that the current board size is adequate and effective, taking into account the nature and scope of the Company's operations. The Independent Non-Executive Directors participate actively in Board meetings. Where necessary, the Independent Non-Executive Directors meet and discuss on the Group's affairs without the presence of Management.

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

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executive responsibile for managing the company's business. 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 for which contact through the normal channels of the Chairman has failed to resolve. The Board believes that there are adequate measures and safeguards in place against an uneven concentration of power and authority in one individual, which will affect independent and collective decision making by the Board.

The Chairman is responsible for the proper functioning of the Board and ensures that Board meetings are held when necessary and each member of the Board works well together with the Management, engaging Management in constructive discussions over various matters, including strategic issues and business planning processes.

Board membership and performance

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

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

The NC comprises the following 3 members, all of whom are 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.

In the selection process for the appointment of new directors, the NC identifies the candidates and reviews the nominations for the appointments taking into account the candidate's track record, age, experience, capabilities and other relevant factors. The NC, having assessed each candidate based on the essential and desirable competencies for a particular appointment, will nominate the most suitable candidate for appointment to the Board.

The Articles of Association of the Company requires one-third of the directors (including 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.

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

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. All Directors are required to declare their board representations. The Board is of the view that the effectiveness of each director is best assessed by a qualitative assessment of the director's contribution and his ability to devote sufficient time and attention to the Company's affairs. As of now, the Board has agreed not to set a numerical limit on the number of listed company board representations as it does not wish to omit from consideration, outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board.

The NC has adopted a process for assessing the performance of the Board as a whole instead of individual assessment. The performance appraisal includes qualitative and quantitative factors such as Board structure, conduct of meetings, corporate strategy and planning, risk management and internal control, and so on. The NC and the Board will review such criteria from time to time, where appropriate.

The key information of directors is as follows:

	Academic / Professional qualifications	Date of first appointment as director	Date of last re-appointment as director	Present directorship in other listed companies	Past directorship held over the preceding three years in other listed companies
Tan Yee Chin	1. GCE "O" levels	18.12.2004	24.04.2013	Nil	Nil
Tan Yee Ho	1. GCE "O" levels	18.12.2004	20.04.2012	Nil	Nil
Tan Yee Leong	1. GCE "O" levels	18.12.2004	20.04.2012	Nil	Nil
Lee Sen Choon	1. Bachelor of Science (Honours) (Singapore) 2. Post-graduate Diploma in Management (UK) 3. Fellow Member of ICAEW 4. Member (practising) of ISCA	31.10.2007	24.04.2013	1. Best World International Ltd *(Independent Non-Executive Director, Chairman of Audit Committee)* 2. Hor Kew Corporation Limited *(Independent Non-Executive Director)*	1. Rokko Holdings Ltd *(Independent Non-Executive Director, Chairman of Audit Committee)* 2. Weiye Holdings Limited *(Formerly known as Kyodo-Allied Industries Ltd) (Independent Non-Executive Director)*

	Academic / Professional qualifications	Date of first appointment as director	Date of last re-appointment as director	Present directorship in other listed companies	Past directorship held over the preceding three years in other listed companies
Tan Siak Hee	1. Bachelor of Laws – University of London 2. Barrister At Law – Lincoln's Inn 3. Masters of Art - Kelaniya University 4. Graduate Certificate in International Arbitration – National University of Singapore 5. Advocate & Solicitor, Commissioner for Oaths and Notary Public, Supreme Court, Singapore 6. Fellow, Singapore Institute of Arbitrators 7. Fellow, Chartered Institute of Arbitrators 8. Member, Lincoln's Inn 9. Member, Law Society of Singapore 10. Member, Singapore Institute of Directors	31.10.2007	21.04.2011	Nil	1. PSL Holdings Ltd *(Independent Non-Executive Director, Chairman of Remuneration Committee)*
Yap Kian Peng(1)	1. Bachelor Degree in Business (Business Administration)	31.10.2007	21.04.2011	1. Jackspeed Corporation Limited *(Executive Deputy Chairman)* 2. M Development Ltd. *(Independent Non-Executive Director, Chairman of Audit Committee)* 3. Seroja Investments Limited *(Independent Non-Executive Director, Chairman of Audit and Remuneration Committees)* 4. Travelite Holdings Ltd. *(Independent Non-Executive Director, Chairman of Remuneration Committee)* 5. Sincap Group Limited *(Lead Independent Non- Executive Director, Chairman of Audit Committee)*	1. China Bearing (Singapore) Ltd. *(Independent Non-Executive Director, Chairman of Audit Committee)*

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

The NC, having reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year reported on, is of the view that the performance of the Board as a whole has been satisfactory. The NC in assessing the contribution of an individual Director, has considered each Director's level of participation and attendance at Board and Board Committee meetings, his qualification, experience and expertise and the time and effort dedicated to the Group's business and affairs. The NC is satisfied that sufficient time and attention has been given to the Group by the individual Directors.

Access to information

Principle 6: In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

To enable the Board to fulfill its responsibility, Management strives to provide Board members with adequate information for Board and Board Committee meetings and on an ongoing basis. The Board is furnished with Board papers prior to any Board meeting. These papers are issued in sufficient time to enable Directors to obtain additional information or explanations from Management, if necessary.

Directors are given separate and independent access to the Company's key executives and Company Secretary to address any enquiries. The Company Secretary attends all Board meetings and ensures that board procedures are followed and applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

A Director or as a group, may seek professional advice in furtherance of their duties and the costs will be borne by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Disclosure on Remuneration

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

The RC comprises the following 3 members, all of whom are 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 each member of the RC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the RC in respect of his remuneration package. The RC has adopted written terms of reference that defines its membership, roles and functions and administration.

The principal functions of the RC are as follows:

1) To review and recommend to the Board 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.

The RC will review at least annually all aspects of remuneration, including Directors' fees, salaries, allowances, bonuses and benefits-in-kind to ensure that the remuneration packages are appropriate to attract, retain and motivate employees capable of meeting the Company's objectives and that the remuneration commensurate to the employees' duties and responsibilities.

The Company has entered into Service Agreements with the Executive Directors 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 yearly directors' fees of an agreed amount for their board services and appointment to board committees, taking into account factors such as effort, time spent and responsibilities. Such directors' fees are subject to shareholders' approval at AGM.

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

Details of the remuneration of Directors and key management personnel of the Group for the financial year ended 31 December 2013 are set out below:

	Directors' Fees	Salary	Bonus	Allowances and Benefits in kind	Total	Total
	%	%	%	%	%	S$
Lee Sen Choon	100	–	–	–	100	35,000
Tan Siak Hee	100	–	–	–	100	25,000
Yap Kian Peng	100	–	–	–	100	25,000
Tan Yee Chin	–	73	15	12	100	378,000
Tan Yee Ho	–	75	16	9	100	289,000
Tan Yee Leong	–	70	14	16	100	275,000

The remuneration of all key management personnel (who are not directors of the Company) for the year ended 31 December 2013 are set out below:

	Salary	Bonus	Allowances and Benefits in kind	Total
	%	%	%	%
Between S$250,000 to S$499,999				
Ng Kim Ying	74	18	8	100
Below S$250,000				
Wu Wei-Tsung, William	65	18	17	100
Loh Chee Meng[(1)]	80	–	20	100
Lim Heng Min (joined the Company on 01/03/2013)	78	9	13	100

(1) Loh Chee Meng had resigned from the Company on 31/10/2013 and the remuneration paid to him in FY2013 was S$84,000.

The aggregate remuneration of all key management personnel for FY2013 is S$609,000.

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

The remuneration of an employee (who is an immediate family member of a director or substantial shareholder) for the year ended 31 December 2013 is set out below:

	Salary	Bonus	Allowances and Benefits in kind	Total
	%	%	%	%
Between S$50,000 to S$100,000				
Tan Lay Peng	61	13	26	100

Ms Tan Lay Peng is the spouse of Mr Tan Yee Chin, who is the Chairman and Chief Executive Officer of the Group.

The Group currently does not have any employee share schemes in place. However, the RC and the Board will constantly evaluate and assess any possible and appropriate long-term incentive plans, with the aim of enhancing the link between rewards and corporate and individual performance.

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

ACCOUNTABILITY AND AUDIT

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

The Board is responsible for providing a balanced and understandable assessment of the Company's performance, position and prospects, including interim and other price sensitive public reports. Shareholders are informed of the Company's financial performance through half-year and full-year financial results announcements on SGXNET. Such announcements are made within the timeframe as set out under Rule 705(1) of the Catalist Rules. The Board also provides negative assurance confirmation to shareholders for the half-year financial results announcement pursuant to Rule 705(5) of the Catalist Rules.

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

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

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

As the Group does not have a risk management committee, the Board, AC and Management assume the responsibility of the risk management function. Management reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant policies and procedures and highlights all significant matters to the Board and AC.

With the assistance of the Internal Auditors and through the 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 and risk management systems of the Group, addressing the financial, operational, information technology and compliance risks are adequate as at 31 December 2013. This is in turn, supported by assurance from the CEO and CFO that:-

(a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances are in accordance with the relevant accounting standards; and

(b) they have evaluated the effectiveness of the Group's risk management and internal controls and have discussed with the Company's external and internal auditors of their reporting points and note that there have been no significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process, summarise or report financial data.

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

Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

The AC comprises the following 3 members, all of whom are 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, oversee the maintenance of adequate accounting records and the development and maintenance of effective systems of internal control.

The functions of the AC are as follows:

1) To review with the external auditors the audit plan, their evaluation of the system of internal accounting controls, their letter to 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 will meet with the external auditors without the presence of the Company's Management at least annually to review the Management's level of cooperation and other matters that warrants the AC's attention. It may also examine any other aspects of the Group's affairs, as it deems necessary where such matters relate to exposures or risks of regulatory or legal nature, and monitor the Group's compliance with its legal, regulatory and contractual obligations.

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

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

The AC is responsible to conduct an annual review of the volume of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors before recommending their re-appointment to the Board. Having reviewed and been 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 2014 at the forthcoming AGM.

The aggregate amount of audit and non-audit fees paid to the independent auditors for the financial year ended 31 December 2013 are S$104,000 and S$40,000 respectively. The AC has undertaken a review of all non-audit services provided by the auditors and they would not, in the opinion of the AC, 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 715 of the Catalist Rules in relation to its independent auditors.

In the course of the financial year ended 31 December 2013, the AC carried out the following activities:-

(a) Reviewed half-year and full-year financial statements (audited and unaudited), and recommended to the Board for approval;

(b) Reviewed the adequacy and effectiveness of the Group's risk management and internal control systems;

(c) Reviewed interested persons transactions;

(d) Reviewed and approved the annual audit plan of the external auditors;

(e) Reviewed and approved the internal audit plan of the internal auditors;

(f) Reviewed the annual re-appointment of the external auditors and determined their remuneration, and made a recommendation for Board approval;

(g) Met with the external auditors and internal auditors each once without the presence of Management; and

(h) Reviewed all the foreign exchange exposure hedging transactions.

To keep abreast of the changes in accounting standards and issues which have a direct impact on financial statements, advice is sought from the external auditors when they attend the AC meetings half yearly.

Internal Audit

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

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

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

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

During the financial year ended 31 December 2013, the Internal Auditors adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational and compliance controls and overall risk management of the Group. The AC has reviewed the effectiveness of the Internal Auditors and is satisfied that the Internal Auditors are adequately resourced and have the appropriate standing within the Group to fulfill its mandate.

On an annual basis, the AC reviews the internal audit program of the Group so as to align it to the changing needs and risk profile of the Group's business activities.

Shareholder Rights

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Group's corporate governance culture and awareness promotes fair and equitable treatment of all shareholders. All shareholders enjoy specific rights under the Singapore Companies Act, Chapter 50, and Articles of Association of the Company. All shareholders are treated fairly and equitably.

The Group respects equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure of information. Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated.

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

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

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

The Group believes that prompt disclosure of pertinent information and high standard of disclosure are keys to raise the level of corporate governance. The Board believes in regular and timely communication with our shareholders. In line with continuous disclosure obligations of the Group pursuant to the Catalist Rules, the Group's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group.

The Company does not have a fixed dividend policy at present. The frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, projected capital requirements for business growth and other factors as the Board may deem appropriate. Taking into account the above factors, the Board has not recommended dividends to be paid in respect of FY2013.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

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

The Company's main forum for dialogue with shareholders takes place at its AGM where members of the Board, Chairman of the Audit, Remuneration, and Nomination Committees, senior management and the external auditors are in attendance to answer any queries raised by the shareholders. At the AGM, shareholders are given the opportunity to express their views and ask questions regarding the Company. To facilitate voting by shareholders, the Company's Articles of Association allows shareholders to appoint up to two proxies to attend and vote at the same general meeting.

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

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management, and to make these minutes, subsequently approved by the Board, available to shareholders during office hours.

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 Futures Act at all times even when engaging in dealings of securities within the non-prohibitory periods.

INTERESTED PERSON TRANSACTIONS

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

The Audit Committee will review all interested person transactions to be entered to ensure that the relevant rules under Chapter 9 of the Catalist Rules are complied with. In the event that a member of the AC is involved in any interested person transaction, he will abstain from reviewing that particular transaction.

MATERIAL CONTRACTS

The Company and its subsidiary companies did not enter into any material contracts (including loans) involving the interests of the Executive Chairman, Directors or controlling shareholders which are either still subsisting as at the end of the financial year ended 31 December 2013 or if not then subsisting, entered into since the end of the previous financial year.

HEDGING POLICY

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

CATALIST SPONSOR

With reference to Rule 1204(21) of the Catalist Rules, no non-sponsor fees were paid to the Sponsor, Canaccord Genuity Singapore Pte. Ltd. for the financial year ended 31 December 2013.

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 2013.

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 (the "Act") except as follows:

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

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

The directors' interests as at 21 January 2014 were the same as those at the end of the reporting year.

4. Contractual Benefits of Directors

Since the beginning of the reporting year, no director of the company has received or become entitled to receive a benefit which is required to be disclosed under section 201(8) of the Act by reason of a contract made by the company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements. Certain directors of the company received remuneration from related corporations in their capacity as directors and or executives of those related corporations.

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 Act. Among others functions, it performed the following:

- Reviewed with the independent external auditors their audit plan.
- Reviewed with the independent external auditors their evaluation of the company's internal accounting control relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them.
- Reviewed with the internal auditors the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditors.
- Reviewed the financial statements of the group and the company prior to their submission to the directors of the company for adoption.
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the audit committee are described in the report on corporate governance included in the annual report of the company. It also includes an explanation of how independent auditor objectivity and independence is safeguarded where the independent 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. Directors' Opinion on the Adequacy of Internal Controls

Based on the internal controls established and maintained by the group, reviews performed by the internal and external auditors, and reviews performed by management, the board with the concurrence of the audit committee, are of the opinion that the group's internal controls, addressing financial, operational, information technology and compliance risks, are adequate as at the end of the reporting year 31 December 2013.

9. Subsequent Developments

There are no significant developments subsequent to the release of the group's and the company's preliminary financial statements, as announced on 20 February 2014, 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

12 March 2014

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 2013 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

12 March 2014

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 2013, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the group, and statement of changes in equity of the company for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the group and the statement of financial position and statement of changes in equity of the company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the group and of the company as at 31 December 2013 and of the results, changes in equity and cash flows of the group and the changes in equity of the company for the reporting year ended on that date.

INDEPENDENT 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 auditors have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

12 March 2014

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2013

	Notes	Group 2013 $'000	Group 2012 $'000
Revenue	5	35,600	27,097
Cost of Sales		(28,971)	(22,185)
Gross Profit		6,629	4,912
Other Items of Income			
Interest Income	6	2	1
Other Credits	7	229	614
Other Items of Expense			
Marketing and Distribution Costs	10	(1,393)	(813)
Administrative Expenses	10	(4,201)	(3,950)
Finance Costs	8	(602)	(580)
Other Charges	7	(12)	(81)
Profit Before Tax from Continuing Operations		652	103
Income Tax Expense	11	(274)	(4)
Profit Net of Tax		378	99
Other Comprehensive Income (Loss)			
Items that may be Reclassified Subsequently to Profit or Loss:			
Exchange Differences on Translating Foreign Operations, Net of Tax		203	(171)
Other Comprehensive Income (Loss) for the Year, Net of Tax		203	(171)
Total Comprehensive Income (Loss)		581	(72)
Profit Attributable to Owners of the Parent, Net of Tax		377	100
Profit (Loss) Attributable to Non-Controlling Interests, Net of Tax		1	(1)
Profit Net of Tax		378	99
Total Comprehensive Income (Loss) Attributable to Owners of the Parent		580	(71)
Total Comprehensive Income (Loss) Attributable to Non-Controlling Interests		1	(1)
Total Comprehensive Income (Loss)		581	(72)
Earnings Per Share			
Earnings per Share Currency Unit		Cents	Cents
Basic	13	0.35	0.09
Diluted	13	0.35	0.09

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

		Group		Company	
	Notes	2013	2012	2013	2012
		$'000	$'000	$'000	$'000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	14	2,800	11,497	–	–
Investments in Subsidiaries	15	–	–	11,210	11,210
Deferred Tax Assets	11	146	317	–	–
Total Non-Current Assets		2,946	11,814	11,210	11,210
Current Assets					
Assets Held For Sale under FRS 105	16	8,838	–	–	–
Inventories	17	23,343	18,508	–	–
Trade and Other Receivables	18	10,503	5,609	1,785	986
Other Assets	19	2,900	148	39	13
Cash and Cash Equivalents	20	2,704	6,034	30	48
Total Current Assets		48,288	30,299	1,854	1,047
Total Assets		51,234	42,113	13,064	12,257
EQUITY AND LIABILITIES					
Equity Attributable to Owners of the Parent					
Share Capital	21	10,579	10,579	10,579	10,579
Retained Earnings		10,771	10,410	1,436	1,297
Other Reserves	22	315	96	–	–
Equity, Attributable to Owners of the Parent		21,665	21,085	12,015	11,876
Non-Controlling Interests		15	14	–	–
Total Equity		21,680	21,099	12,015	11,876
Non-Current Liabilities					
Other Financial Liabilities	23	301	6,672	–	–
Total Non-Current Liabilities		301	6,672	–	–
Current Liabilities					
Income Tax Payable		80	22	17	22
Trade and Other Payables	24	18,256	10,546	1,032	359
Other Financial Liabilities	23	10,917	3,774	–	–
Total Current Liabilities		29,253	14,342	1,049	381
Total Liabilities		29,554	21,014	1,049	381
Total Equity and Liabilities		51,234	42,113	13,064	12,257

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

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2013

Group:	Total Equity $'000	Attributable to Parent Sub-Total $'000	Share Capital $'000	Retained Earnings $'000	Other Reserves $'000	Non-Controlling Interests $'000
Current Year:						
Opening Balance at 1 January 2013	21,099	21,085	10,579	10,410	96	14
Movements in Equity:						
Total Comprehensive Income for the Year	581	580	–	377	203	1
Transfer to Statutory Reserve (Note 22A)	–	–	–	(16)	16	–
Closing Balance at 31 December 2013	21,680	21,665	10,579	10,771	315	15
Previous Year:						
Opening Balance at 1 January 2012	21,171	21,156	10,579	10,310	267	15
Movements in Equity:						
Total Comprehensive (Loss) Income for the Year	(72)	(71)	–	100	(171)	(1)
Closing Balance at 31 December 2012	21,099	21,085	10,579	10,410	96	14

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

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2013

Company:	Total Equity $'000	Share Capital $'000	Retained Earnings $'000
Current Year:			
Opening Balance at 1 January 2013	11,876	10,579	1,297
Movements in Equity:			
Total Comprehensive Income for the Year	139	–	139
Closing Balance at 31 December 2013	12,015	10,579	1,436
Previous 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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	Group	
	2013	**2012**
	$'000	**$'000**
<u>Cash Flows From Operating Activities</u>		
Profit Before Tax	652	103
Adjustments for:		
Interest Income	(2)	(1)
Interest Expense	602	580
Depreciation of Property, Plant and Equipment	681	676
Forward Contract Gain: Transactions Not Qualifying as Hedges	(14)	(2)
Intangible Asset – Non-Contractual Customer Relationship Written Off	–	47
(Gain) Loss on Disposal of Property, Plant and Equipment	(12)	33
Release of Negative Goodwill to Profit or Loss	–	(47)
Net Effect of Exchange Rate Changes	197	(127)
Operating Cash Flows before Changes in Working Capital	2,104	1,262
Inventories	(4,835)	2,104
Trade and Other Receivables	(4,890)	313
Other Assets	(2,752)	(43)
Trade and Other Payables	7,710	1,840
Net Cash Flows (Used in) From Operations	(2,663)	5,476
Income Taxes Paid	(37)	(73)
Net Cash Flows (Used in) From Operating Activities	(2,700)	5,403
<u>Cash Flows From Investing Activities</u>		
Disposal of Property, Plant and Equipment	65	44
Purchase of Property, Plant and Equipment (Notes 14 and 20B)	(807)	(609)
Interest Received	2	1
Net Cash Flows Used in Investing Activities	(740)	(564)
<u>Cash Flows From Financing Activities</u>		
Decrease in Other Financial Liabilities (Note 20B)	(3,190)	(3,044)
Increase from New Borrowings	3,000	1,500
Interest Paid	(602)	(580)
Net Cash Flows Used in Financing Activities	(792)	(2,124)
Net (Decrease) Increase in Consolidated Cash and Cash Equivalents	(4,232)	2,715
Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Beginning Balance	6,003	3,288
Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Ending Balance (Note 20A)	1,771	6,003

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2013

1. General

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

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

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

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

The registered office is: 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. The accounting policies in FRSs need not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of Presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the company and all of its subsidiaries. The consolidated financial statements are the financial statements of the group in which the assets, liabilities, equity, income, expenses and cash flows of the parent and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. The consolidated financial statements include the income and expenses of a subsidiary from the date the entity gains control until the date when the entity ceases to control the subsidiary. Income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

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

The company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act, Chapter 50, the company's separate statement of profit or loss and other comprehensive income is not presented.

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

Basis of Preparation of the Financial Statements

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

Revenue Recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed. Interest is recognised using the effective interest method. Dividend from equity instruments is recognised as income when the entity's right to receive payment is established.

Employee Benefits

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

Income Tax

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

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

Foreign Currency Transactions

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

Translation of Financial Statements of Other Entities

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

Segment Reporting

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

Borrowing Costs

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

Government Grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary that 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 statements of financial position.

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

Property, Plant and Equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Freehold property	–	1%
Leasehold property and improvements	–	over terms of lease which is approximately 2% to 3%
Plant and equipment	–	10% to 20%

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

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Leases

Whether an arrangement is, or contains, a lease, it is based on the substance of the arrangement at the inception date, that is, whether (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

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

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity. 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 separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market.

Business Combinations

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

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 of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

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

Assets Classified as Held for Sale

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

Inventories

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

Financial Assets

Initial recognition, measurement and derecognition:

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

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

Subsequent measurement:

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

1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss. 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. Summary of Significant Accounting Policies (Cont'd)

Financial Assets (Cont'd)

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

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

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

Cash and Cash Equivalents

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

Hedging

The entity is exposed to currency and interest rate risks. The policy is to reduce currency and interest rate exposures through derivatives and other hedging instruments. From time to time, there may be borrowings and foreign exchange arrangements or interest rate swap contracts or similar instruments entered into as hedges against changes in interest rates, cash flows or the fair value of the financial assets and liabilities. The gain or loss from remeasuring these hedging or other arrangement instruments at fair value are recognised in profit or loss. The derivatives and other hedging instruments used are described below in the notes to the financial statements.

Derivatives

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

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

Financial Liabilities

Initial recognition, measurement and derecognition:

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

Subsequent measurement:

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

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

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

Fair Value of Measurement

Fair value is taken to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

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

Fair Value of Measurement (Cont'd)

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless state otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Equity

Equity instruments are contracts that give a residual interest in the net assets of the reporting entity. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

Critical Judgements, Assumptions and Estimation Uncertainties

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

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

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

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

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

Income tax amounts:
The entity recognises tax liabilities and tax assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the entity expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in the note on income tax.

3. Related Party Relationships and Transactions

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

3.1 Related companies:

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

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

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

3. Related Party Relationships and Transactions (Cont'd)

3.2 Key management compensation:

	Group	
	2013	2012
	$'000	$'000
Salaries and other short-term employee benefits	1,673	1,282

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

	Group	
	2013	2012
	$'000	$'000
Remuneration of directors of the company	942	912
Remuneration of director of a subsidiary	36	36
Fees to directors of the company	85	100
Fees to director of a subsidiary	1	–

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

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly.

3.3 Other receivables from and other payables to related parties:

	Subsidiary	
Company	2013	2012
	$'000	$'000
Other receivables (other payables):		
Balance at beginning of the year	986	1,510
Amounts paid out and settlement of liabilities on behalf of another party	171	–
Amounts received and settlement of liabilities on behalf of the company	–	(524)
Balance at end of the year (Notes 18 and 24)	1,157	986

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 used to price the transfers. Internal transfer pricing policies of the group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

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

Segment assets consist principally of trade receivables.

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

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

4B. Profit or Loss from Continuing Operations and Reconciliations

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

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 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)
ORBT	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

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
2013						
Total assets for reportable segments	5,378	3,721	291	903	–	10,293
Unallocated:						
Property, plant and equipment	–	–	–	–	2,800	2,800
Assets held for sale under FRS 105	–	–	–	–	8,838	8,838
Other assets	–	–	–	–	2,900	2,900
Deferred tax assets	–	–	–	–	146	146
Inventories	–	–	–	–	23,343	23,343
Cash and cash equivalents	–	–	–	–	2,704	2,704
Other unallocated amounts	–	–	–	–	210	210
Total group assets	5,378	3,721	291	903	40,941	51,234
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

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

4C. Assets and Reconciliations (Cont'd)

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

4D. Liabilities and Reconciliations

	Marine $'000	Precision engineering $'000	Stockists and traders $'000	Other customers $'000	Unallocated $'000	Group $'000
2013						
Unallocated:						
Income tax payable	–	–	–	–	80	80
Borrowings	–	–	–	–	11,218	11,218
Trade and other payables	–	–	–	–	18,256	18,256
Total group liabilities	–	–	–	–	29,554	29,554
2012						
Unallocated:						
Income tax payable	–	–	–	–	22	22
Borrowings	–	–	–	–	10,446	10,446
Trade and other payables	–	–	–	–	10,546	10,546
Total group liabilities	–	–	–	–	21,014	21,014

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

4E. Other Material Items and Reconciliations

	Marine $'000	Precision engineering $'000	Stockists and traders $'000	Other customers $'000	Unallocated $'000	Group $'000
Impairment (reversal) of receivables and inventories						
2013	(77)	82	–	–	(17)	(12)
2012	(110)	(10)	–	–	(102)	(222)
Expenditure for non-current assets						
2013	–	–	–	–	867	867
2012	–	–	–	–	761	761

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

4F. Geographical Information

	Revenue		Non-current assets	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Singapore	11,330	9,679	1,715	10,503
China	5,665	4,086	515	373
Malaysia	3,900	2,938	570	621
Vietnam	3,373	2,375	–	–
Dubai (UAE)	2,893	718	–	–
Taiwan	2,286	372	–	–
Pakistan	1,932	139	–	–
Indonesia	1,341	3,542	–	–
Other countries	2,880	3,248	–	–
Total continuing operations	35,600	27,097	2,800	11,497

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

4G. Information About Major Customers

	Group	
	2013	2012
	$'000	$'000
Top 1 customer in marine segment	5,692	3,419

5. Revenue

	Group	
	2013	2012
	$'000	$'000
Sale of goods	35,511	26,933
Other income	89	164
	35,600	27,097

6. Interest Income

	Group	
	2013	2012
	$'000	$'000
Interest income	2	1

7. Other Credits and (Other Charges)

	Group 2013 $'000	Group 2012 $'000
(Allowance) reversal for impairment on trade receivables	(5)	120
Allowance for impairment on inventories	(5)	(1)
Foreign exchange adjustment gains	176	342
Forward contracts gains – transactions not qualifying as hedges	14	2
Reversal for impairment on inventories	22	103
Inventories written down	(2)	–
Gain (loss) on disposal of property, plant and equipment	12	(33)
Intangible asset – non-contractual customer relationship written off	–	(47)
Release of negative goodwill to profit or loss	–	47
Other income	5	–
Net	217	533
Presented in profit or loss as:		
Other credits	229	614
Other charges	(12)	(81)
Net	217	533

8. Finance Costs

	Group 2013 $'000	Group 2012 $'000
Interest expense	602	580

9. Employee Benefits Expense

	Group 2013 $'000	Group 2012 $'000
Short term employee benefits expense	3,240	2,899
Contributions to defined contribution plans	194	182
Other benefits	222	187
Total employee benefits expense	3,656	3,268
The employee benefits expense is charged as follows:		
Cost of sales	710	610
Administrative expenses	2,946	2,658
	3,656	3,268

10. Other Expenses

	Group	
	2013	2012
	$'000	$'000
The major components include the following:		
Marketing and distribution costs		
Commission expense	854	439
Administrative expenses		
Employee benefits expense (Note 9)	2,946	2,658

11. Income Tax

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

	Group	
	2013	2012
	$'000	$'000
Current tax expense (income):		
Current tax expense	140	53
Over adjustments in respect of prior periods	(37)	(11)
Subtotal	103	42
Deferred tax expense (income):		
Deferred tax expense (income)	138	(38)
Under adjustments in respect of prior periods	33	–
Subtotal	171	(38)
Total income tax expense	274	4

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% (2012: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2013	2012
	$'000	$'000
Profit before tax	652	103
Income tax expense at the above rate	111	18
Not deductible items	163	16
Tax exemptions	(36)	(12)
Over adjustments to tax in respect of prior periods	(4)	(11)
Effect of different tax rates in different countries	40	8
Other minor items less than 3% each	–	(15)
Total income tax expense	274	4

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

11. Income Tax (Cont'd)

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

	Group	
	2013	2012
	$'000	$'000
Excess of tax over book depreciation of plant and equipment	22	(91)
Tax loss carryforwards	149	53
Total deferred income tax expense (income) recognised in profit or loss	171	(38)

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

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
From deferred tax assets (liabilities) recognised in profit or loss:				
Excess of tax values over net book value of plant and equipment	72	94	–	–
Tax loss carryforwards	74	223	–	–
Net balance	146	317	–	–

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

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

For the People's Republic of China companies, the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances can be carried forward for 5 years.

12. Items in Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

	Group	
	2013	2012
	$'000	$'000
Audit fees to the independent auditors of the company	83	88
Audit fees to the other independent auditors	21	20
Other fees to the independent auditors of the company	38	35
Other fees to the other independent auditors	2	2

13. Earnings Per Share

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

	Group	
	2013	2012
	$'000	$'000
Numerators: earnings attributable to equity:		
Continuing operations: attributable to equity holders	377	100
	2013	**2012**
	'000	**'000**
Denominators: weighted average number of equity shares		
Basic	108,000	108,000
Diluted	108,000	108,000

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

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

14. Property, Plant and Equipment

Group	Freehold property $'000	Leasehold property and improvement $'000	Plant and equipment $'000	Total $'000
Cost:				
At 1 January 2012	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
Additions	–	226	641	867
Disposals	–	–	(160)	(160)
Reclassified as held for sale (Note 16)	–	(9,613)	–	(9,613)
Foreign exchange adjustments	(16)	–	(8)	(24)
At 31 December 2013	539	–	5,187	5,726
Accumulated depreciation:				
At 1 January 2012	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
Depreciation for the year	8	246	427	681
Disposals	–	–	(109)	(109)
Reclassified as held for sale (Note 16)	–	(775)	–	(775)
Foreign exchange adjustments	(2)	–	(28)	(30)
At 31 December 2013	36	–	2,890	2,926
Net book value:				
At 1 January 2012	543	8,852	2,126	11,521
At 31 December 2012	525	8,858	2,114	11,497
At 31 December 2013	503	–	2,297	2,800

The depreciation expense is charged as follows:

	Group 2013 $'000	Group 2012 $'000
Cost of sales	465	458
Administrative expenses	216	218
	681	676

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

Motor vehicles with a net book value of $204,000 (2012: $276,000) 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 23C).

15. Investments in Subsidiaries

	Company 2013 $'000	Company 2012 $'000
Balance at beginning and end of the year	11,210	11,210
Total cost comprising:		
Unquoted equity shares at cost	11,210	11,210
Total at cost	11,210	11,210
Analysis of above amount denominated in non-functional currency:		
Malaysian Ringgit	605	605

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

Name of subsidiaries, country of incorporation, place of operations and principal activities and independent auditors	Cost in books of company 2013 $'000	Cost in books of company 2012 $'000	Effective percentage of equity held 2013 %	Effective percentage of equity held 2012 %
Held by the company				
Soon Lian Hardware (Pte.) Ltd. Singapore Supplier of aluminium alloy products (RSM Chio Lim LLP)	8,444	8,444	100	100
Soon Lian Hardware (M) Sdn. Bhd. (a) Malaysia Supplier of aluminium alloy products (Crowe Horwath Johor Bahru)	605	605	100	100
Soon Lian Corporation Pte. Ltd. Singapore Investment holding (RSM Chio Lim LLP)	2,161	2,161	99.5	99.5
	11,210	11,210		
Held through Soon Lian Corporation Pte. Ltd.				
SL Metal (Shenzhen) Co., Ltd (a) People's Republic of China Supplier of aluminium alloy products (Shu Lun Pan Certified Public Accountants LLP)			100	100
SL Metal (Suzhou) Co., Ltd (a) People's Republic of China Supplier of aluminium alloy products (BDO China Shu Lun Pan CPAs LLP)			100	100

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

15. Investments in Subsidiaries (Cont'd)

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

16. Assets Held for Sale under FRS 105

The leasehold property of the group is presented as held for sale following the approval by the shareholders via an extraordinary general meeting held on 17 December 2013 to sell the property. The sale is expected to be completed by May 2014.

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

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

17. Inventories

	Group	
	2013 $'000	2012 $'000
Finished goods and goods for resale	23,343	18,508

Inventories are stated after allowance.

Movements in allowance:		
Balance at beginning of the year	197	311
Reversed to profit or loss included in other credits	(17)	(102)
Charge to profit or loss included in cost of sales	30	–
Foreign exchange adjustments	8	(12)
Balance at end of the year	218	197

The reversal of the allowance is for goods sold.

	Group	
	2013 $'000	2012 $'000
The write-downs of inventories charged to profit or loss included in other charges	2	–
(Increase)decrease in inventories of finished goods	(4,835)	2,104
The amount of inventories included in cost of sales	26,177	20,409
Purchase of inventories	31,012	18,305

There are no inventories pledged as security for liabilities.

18. Trade and Other Receivables

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Trade receivables:				
Outside parties	10,526	9,473	–	–
Less allowance for impairment	(233)	(4,002)	–	–
Net trade receivables - subtotal	10,293	5,471	–	–
Other receivables:				
Subsidiaries (Note 3)	–	–	1,785	986
Income tax recoverable	60	72	–	–
Other receivables	150	66	–	–
Net other receivables - subtotal	210	138	1,785	986
Total trade and other receivables	10,503	5,609	1,785	986
Movements in above allowance:				
Balance at beginning of the year	4,002	4,419	–	–
Charge (reversed) for trade receivables to profit or loss included in other charges (other credits)	5	(120)	–	–
Bad debts written off	(3,774)	(295)	–	–
Foreign exchange adjustments	–	(2)	–	–
Balance at end of the year	233	4,002	–	–

19. Other Assets

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Deposit and stamp duty paid for purchase of property	2,790	–	–	–
Prepayments	110	148	39	13
	2,900	148	39	13

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

20. Cash and Cash Equivalents

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Not restricted in use	2,704	6,034	30	48

The interest earning balances are not significant.

20. Cash and Cash Equivalents (Cont'd)

20A. Cash and Cash Equivalents in the Consolidated Statement of Cash Flows:

	Group	
	2013	2012
	$'000	$'000
Amount as shown above	2,704	6,034
Bank overdrafts (Note 23)	(933)	(31)
Cash and cash equivalents for consolidated statement of cash flows purposes at end of the year	1,771	6,003

20B. Non-Cash Transactions:

There were acquisitions of plant and equipment with a total cost of $60,000 (2012: $152,000) acquired by means of finance leases.

21. Share Capital

	Number of shares issued '000	Share capital $'000
Group and Company		
Ordinary shares of no par value:		
Balance at beginning and end of the year 31 December 2012 and 31 December 2013	108,000	10,579

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

Capital Management:

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

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

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

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

21. Share Capital (Cont'd)

The above externally imposed capital requirements have been complied with by the group for the reporting years ended 31 December 2013 and 2012.

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

	Group	
	2013	2012
	$'000	$'000
Net debt:		
All current and non-current borrowings including finance leases	24,304	18,496
Less cash and cash equivalents	(2,704)	(6,034)
Net debt	21,600	12,462
Adjusted capital:		
Total equity	21,665	21,085
Adjusted capital	21,665	21,085
Debt-to-adjusted capital ratio	1.00	0.59

The unfavourable change as shown by the increase in the debt-to-adjusted capital ratio for the reporting year resulted primarily from the increase in new debt.

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

22. Other Reserves

	Group	
	2013	2012
	$'000	$'000
Statutory reserve (Note 22A)	206	190
Foreign currency translation reserve (Note 22B)	109	(94)
	315	96

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

22A. Statutory Reserve

	Group	
	2013	2012
	$'000	$'000
At beginning of the year	190	190
Transferred from profit or loss	16	–
At the end of the year	206	190

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

22. Other Reserves (Cont'd)

22B. Foreign Currency Translation Reserve

	Group 2013 $'000	Group 2012 $'000
At beginning of the year	(94)	77
Exchange differences on translating foreign operations	203	(171)
At the end of the year	109	(94)

The foreign currency translation reserve accumulates all foreign exchange differences.

23. Other Financial Liabilities

	Group 2013 $'000	Group 2012 $'000
Non-current:		
Financial instruments with floating interest rates:		
Term loans (secured) (Note 23B)	237	6,398
Term loans (unsecured) (Note 23B)	–	54
Financial instruments with fixed interest rates:		
Finance leases (Note 23C)	64	220
Non-current	301	6,672
Current:		
Financial instruments with floating interest rates:		
Bank overdrafts (secured) (Note 23A)	–	31
Bank overdrafts (unsecured) (Note 23A)	933	–
Bank loans (unsecured) (Note 23A)	3,014	505
Term loans (secured) (Note 23B)	5,399	1,110
Term loans (unsecured) (Note 23B)	608	1,108
Financial instruments with fixed interest rates:		
Term loans (secured) (Note 23B)	750	750
Finance leases (Note 23C)	213	270
Current	10,917	3,774
Total	11,218	10,446

The non-current portion is repayable as follows:

Due within 2 to 5 years	107	2,752
After 5 years	194	3,920
Total non-current portion	301	6,672

23. Other Financial Liabilities (Cont'd)

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

	2013	2012
Bank overdrafts (secured)	–	7.60%
Bank overdrafts (unsecured)	7.60%	–
Bank loans (unsecured)	2.69% to 3.77%	2.57% to 3.94%
Term loans (secured)	1.96% to 6.90%	2.11% to 2.60%
Term loans (unsecured)	2.50% to 2.84%	2.53% to 2.82%

23A. 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.

23B. Term Loans

	Group	
	2013 $'000	2012 $'000
Term loan 1 (secured) (a)	–	703
Term loan 2 (secured) (b)	246	262
Term loan 3 (secured) (c)	5,390	5,793
Term loan 4 (unsecured) (d)	54	694
Term loan 5 (unsecured) (d)	68	468
Term loan 6 (secured) (e)	750	1,500
Term loan 7 (unsecured) (f)	486	–
	6,994	9,420

(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.

The loan has been fully repaid in the current 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.

23. Other Financial Liabilities (Cont'd)

23B. Term Loans (Cont'd)

(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 and corporate guarantee by the company.

Although the loan is for a period of 15 years from October 2010, it has been classified as "current" because the subsidiary's leasehold property has been classified as assets held for sale (Note 16). The sale is expected to be completed by May 2014.

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

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

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

Although term loan 7 is for a period of 3 years from December 2013, it has been classified as "current" because the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting year.

23C. Finance Leases

Group 2013	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	226	(13)	213
Due within 2 to 5 years	68	(4)	64
Total	294	(17)	277
Net book value of plant and equipment under finance leases			891
2012			
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

There are leased assets under finance leases. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets.

23. Other Financial Liabilities (Cont'd)

23C. Finance Leases (Cont'd)

Other details are as follows:

	2013	2012
Average lease term, in years	3	3
Average effective borrowing rate per year	1.68 % to 2.99%	1.68 % to 2.99%

The total for finance leases and the average effective borrowing rate per year is disclosed above. The fair value (Level 2) is a reasonable approximation of the carrying amount. The fair value of the finance leases was estimated by discounting the future cash flows payable under the terms of the finance leases using the interest rate ranging between 1.68% to 2.99% (2012: 1.68% to 2.99%) applicable to similar finance leases (Level 3).

24. Trade and Other Payables

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Trade payables:				
Outside parties and accrued liabilities	4,961	2,380	399	359
Bills payables to banks (a)	13,086	8,050	–	–
Trade payables – subtotal	18,047	10,430	399	359
Other payables:				
Other payables	209	116	5	–
Subsidiary (Note 3)	–	–	628	–
Other payables - subtotal	209	116	633	–
Total trade and other payables	18,256	10,546	1,032	359

(a) The range of floating interest rates was 1.98% to 6.01% (2012: 2.10% to 3.41%) per annum.

25. Derivatives Financial Instruments

	Group	
	2013	2012
	$'000	$'000
Liabilities not designated as hedging instruments:		
Forward foreign exchange contracts	14	2

The movements during the year were as follows:

Balance at the beginning of the year	2	3
Settlements	(2)	(3)
Gains recognised in profit or loss under other credits	14	2
Total net balance at end of the year	14	2

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

25. Derivatives Financial Instruments (Cont'd)

Foreign Currency Exchange Contracts

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

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

* Amounts 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.

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

Financial instruments traded in the over-the-counter market include currency forward contracts and options on currency forward contracts that are valued based on broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency.

26. Financial Instruments: Information on Financial Risks

26A. Classification of Financial Assets and Liabilities

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

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Financial assets:				
Cash and cash equivalents	2,704	6,034	30	48
Financial assets of fair value through profit or loss (included in other receivables)	14	2	–	–
Loans and receivables	10,429	5,535	1,785	986
At end of the year	13,147	11,571	1,815	1,034
Financial liabilities:				
Other financial liabilities measured at amortised cost	11,218	10,446	–	–
Trade and other payables measured at amortised cost	18,256	10,546	1,032	359
At end of the year	29,474	20,992	1,032	359

Further quantitative disclosures are included throughout these financial statements.

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

26B. Financial Risk Management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The guidelines 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 by senior management staff.

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

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

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

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

26B. Financial Risk Management (Cont'd)

With regard to derivatives, the policies include the following:

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

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

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

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

26C. Fair Values of Financial Instruments

The analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include both the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

26D. Credit Risk on Financial Assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents, receivables and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Credit risk on other financial assets is limited because the other parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss. The exposure to credit risk with customers is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk on receivables, 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 20 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 (2012: 30 to 90 days). But some customers take a longer period to settle the amounts.

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

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

(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	
	2013	2012
	$'000	$'000
Trade receivables:		
Less than 30 days	1,911	1,470
31 to 60 days	2,717	570
Over 60 days	13	780
Total	4,641	2,820

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

	Group	
	2013	2012
	$'000	$'000
Trade receivables:		
Over 180 days	233	4,002
Total	233	4,002

The allowance which is disclosed in the note on trade receivables is based on individual accounts totalling $233,000 (2012: $4,002,000) 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	
	2013	2012
	$'000	$'000
Top 1 customer	2,180	3,775
Top 2 customers	3,233	4,521
Top 3 customers	3,935	5,191

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

26E. Liquidity Risk – Financial Liabilities Maturity Analysis

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

Group	Less than 1 year $'000	2 – 5 years $'000	Over 5 years $'000	Total $'000
Non-derivative financial liabilities:				
2013:				
Gross borrowing commitments	11,469	58	278	11,805
Gross finance lease obligations	226	68	–	294
Trade and other payables	18,256	–	–	18,256
At end of the year	29,951	126	278	30,355
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

	Less than 1 year	
Company	2013 $'000	2012 $'000
Non-derivative financial liabilities:		
Trade and other payables	1,032	359
At end of the year	1,032	359

Group	Less than 1 year $'000
Derivative financial liabilities:	
2013:	
Gross settled:	
Foreign currency forward contracts	2,325
At end of the year	2,325
Derivative financial liabilities:	
2012:	
Foreign currency forward contracts	979
At end of the year	979

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

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

26E. Liquidity Risk – Financial Liabilities Maturity Analysis (Cont'd)

The above amounts disclosed in the maturity analysis are the contractual undiscounted cash flows and such undiscounted cash flows differ from the amount included in the statement of financial position. When the counterparty has a choice of when an amount is paid, the liability is included on the basis of the earliest date on which it can be required to pay. 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 (2012: 30 to 90 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statements of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

Financial guarantee contracts – For financial guarantee contracts the maximum earliest period in which the guarantee amount can be claimed by the other party is used. At the end of the reporting year, no claims on the financial guarantees are expected to be payable. The following table shows the maturity analysis of the contingent liabilities from financial guarantees.

Company	Less than 1 year $'000	2 – 5 years $'000	Over 5 years $'000	Total $'000
2013:				
Bank guarantee in favour of a subsidiary (Note 3)	24,151	43	194	24,388
At end of the year	24,151	43	194	24,388
2012:				
Bank guarantee in favour of a subsidiary (Note 3)	11,423	2,532	3,920	17,875
At end of the year	11,423	2,532	3,920	17,875

<u>Bank facilities:</u>

	Group 2013 $'000	Group 2012 $'000
Undrawn borrowing facilities	36,152	23,239

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

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

26F. Interest Rate Risk

The interest rate risk exposure is from changes in fixed rate and floating interest rates and it mainly concerns financial liabilities which are both fixed rate and floating 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	
	2013	**2012**
	$'000	**$'000**
Financial liabilities with interest:		
Fixed rates	1,027	1,990
Floating rates	23,278	16,506
Total at end of the year	24,305	18,496

The floating rate debt instruments are with interest rates that are re-set at regular intervals. The interest rates are disclosed in the respective notes.

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

26G. Foreign Currency Risks

Analysis of amounts denominated in currencies other than Singapore Dollars:

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

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

26G. Foreign Currency Risks (Cont'd)

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)

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

Sensitivity analysis:

	Group 2013 $'000	 2012 $'000
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against the US$ with all other variables held constant would have a favourable effect on profit before tax of	1,159	681

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

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

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

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

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

27. Capital Commitments

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

	Group	
	2013	2012
	$'000	$'000
Commitments to purchase a property (Note 19)	19,351	–
Commitments to purchase plant and equipment	–	210

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	
	2013	2012
	$'000	$'000
Not later than one year	332	307
Later than one year and not later than five years	820	957
Later than five years	3,585	4,197
Rental expense for the year	354	292

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. Events after the End of the Reporting Year

The group granted an option dated 6 January 2014 for the sale of the leasehold property of the group (Note 16) to Galmon (S) Pte Ltd (the "Purchaser") at a consideration of $19,800,000, excluding goods and services tax. The Purchaser has exercised the option on 20 January 2014 and the transaction is expected to be completed in May 2014.

30. Changes and Adoption of Financial Reporting Standards

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

FRS No.	Title
FRS 1	Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income
FRS 1	Amendment to FRS 1 Presentation of Financial Statements (Annual Improvements)
FRS 16	Amendment to FRS 16 Property, Plant and Equipment (Annual Improvements)
FRS 19	Employee Benefits (Revised)
FRS 32	Amendment to FRS 32 Financial instruments: Presentation (Annual Improvements)
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill) (early adoption) (*)
FRS 107	Amendments to FRS 32 and 107 titled Offsetting Financial Assets and Financial Liabilities
FRS 113	Fair Value Measurements
INT FRS 120	Stripping Costs in the Production Phase of a Surface Mine (*)

(*) Not relevant to the entity.

31. Future Changes in Financial Reporting Standards

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

FRS No.	Title	Effective date for periods beginning on or after
FRS 27	Consolidated and Separate Financial Statements (Amendments to)	1 Jul 2013
FRS 27	Separate Financial Statements (Revised)	1 Jan 2014
FRS 28	Investments in Associates and Joint Ventures (Revised) (*)	1 Jan 2014
FRS 36	Amendments to FRS 36: Recoverable Amount Disclosures for Non-Financial Assets (relating to goodwill) (*)	1 Jan 2014
FRS 32	Amendments to FRS 39: Novation of Derivatives and Continuation of Hedge Accounting	1 Jan 2014
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
INT FRS 121	Levies (*)	1 Jan 2014

(*) Not relevant to the entity.

PROPERTIES OF THE GROUP

Year ended 31 December 2013

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 19 March 2014

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 19 MARCH 2014

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	0	0.00	0	0.00
1,000 - 10,000	288	66.51	1,528,000	1.41
10,001 - 1,000,000	137	31.64	17,340,000	16.06
1,000,001 and above	8	1.85	89,132,000	82.53
Total	**433**	**100.00**	**108,000,000**	**100.00**

Shareholding held by the public

Based on the information available to the Company as at 19 March 2014, approximately 27.39% of 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 of the Singapore Exchange Securities Trading Limited is complied with.

TWENTY LARGEST SHAREHOLDERS AS AT 19 MARCH 2014

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	Soon Tien Holdings Pte. Ltd.	72,900,000	67.50
2	2G Capital Pte Ltd	5,000,000	4.63
3	Phillip Securities Pte Ltd	3,687,000	3.41
4	Maybank Kim Eng Securities Pte Ltd	2,255,000	2.09
5	Sia Ling Sing	1,665,000	1.54
6	Ng Kim Ying	1,600,000	1.48
7	Tan Ee Hoon	1,012,500	0.94
8	Tan Ee Tin	1,012,500	0.94
9	Ang Yu Seng	1,000,000	0.93
10	Tan Yee Chin	998,334	0.92
11	Tan Yee Ho	998,333	0.92
12	Tan Yee Leong	998,333	0.92
13	Tan Gin Mong	977,000	0.90
14	Ng Chwee Cheng	903,000	0.84
15	Koh Mui Kiow (Xu Huijiao)	820,000	0.76
16	Kuah Kian Hoe	764,000	0.71
17	Ang De Yu	600,000	0.56
18	Lim Bok Teck	455,000	0.42
19	Sok Hang Chaw	450,000	0.42
20	Tan Lay Peng	400,000	0.37
	Total	**98,496,000**	**91.20**

SUBSTANTIAL SHAREHOLDERS AS AT 19 MARCH 2014

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 be interested in the shares held by Soon Tien Holdings Pte. Ltd. by virtue of his shareholding interest of more than 20% of the total issued shares in Soon Tien Holdings Pte. Ltd..

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2014 Annual General Meeting of the shareholders of the Company will be held at 35 Tuas Avenue 2 Singapore 639464 on Friday, 25 April 2014 at 9.30 am 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 2013. Resolution 1

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

   Mr Tan Siak Hee (Article 104)

   [Mr Tan Siak Hee shall, upon re-election as Director of the Company, remain as Chairman of the Nominating Committee and member of the Audit Committee and Remuneration Committee. The Board considers Mr Tan Siak Hee to be independent for the purpose of Rule 704(7) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist. Mr Tan Siak Hee does not have any relationships, including family relationships with the Directors of the Group, the Company or its 10% Shareholders.]

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

   Mr Yap Kian Peng (Article 104)

   [Mr Yap Kian Peng shall, upon re-election as Director of the Company, remain as Chairman of the Remuneration Committee and member of the Audit Committee and Nominating Committee. The Board considers Mr Yap Kian Peng to be independent for the purpose of Rule 704(7) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist. Mr Yap Kian Peng does not have any relationships, including family relationships with the Directors of the Group, the Company or its 10% Shareholders.]

4. To approve the Directors' fees of $85,000 for the year ended 31 December 2013. (FY2012 : $85,000) 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) allot and issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

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

provided that:

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

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

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

  (b) new shares arising from exercising of 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

Explanatory Note:

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

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

BY ORDER OF THE BOARD

Ng Kim Ying
Company Secretary

Singapore

Date : 8 April 2014

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

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.

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 2014 Annual General Meeting of the Company to be held on Friday, 25 April 2014 at 35 Tuas Avenue 2 Singapore 639464 at 9.30 am 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 2013		
2	Re-election of Mr Tan Siak Hee as Director		
3	Re-election of Mr Yap Kian Peng as Director		
4	Approval of Directors' fees for the year ended 31 December 2013		
5	Re-appointment of RSM Chio Lim LLP as Auditors		
6	Proposed Share Issue Mandate		

Signed this ____________ day of ______________ 2014

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

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