



SOON LIAN HOLDINGS LIMITED

An Aluminium Alloy Products Specialist For The High-Growth Marine And Precision Engineering Industries











PROSPECTUS DATED 3 DECEMBER 2007

(REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE ON 3 DECEMBER 2007)

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX, OR OTHER PROFESSIONAL ADVISER.

We have applied to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to deal in, and for quotation of, all the ordinary shares (the "Shares") in the capital of Soon Lian Holdings Limited (the "Company") already issued as well as the new Shares (the "New Shares") which are the subject of this Invitation (as defined herein). Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST Dealing and Automated Quotation System (the "SGX Sesdaq"). Acceptance of applications for the New Shares will be conditional upon, *inter alia*, the issue of the New Shares and permission being granted to deal in, and for quotation of, all of our existing issued Shares and the New Shares. If completion of the Invitation does not occur because the said permission is not granted or for any other reason, monies paid in respect of any application accepted will be returned to you subject to applicable laws, at your own risk, without interest or any share of revenue or other benefit arising therefrom, and you will not have any claims whatsoever against us, the Issue Manager, the Underwriter or the Placement Agent (as defined herein). The dealing and quotation of our Shares will be in Singapore dollars.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Prospectus. Admission to the Official List of the SGX Sesdaq is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares already issued or the New Shares.

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority"). The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act (Chapter 289) of Singapore, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the New Shares being offered for investment. We have not lodged or registered this Prospectus in any other jurisdiction.

No Shares shall be allotted on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.

INVESTING IN OUR SHARES INVOLVES RISKS WHICH ARE DESCRIBED UNDER THE "RISK FACTORS" SECTION OF THIS PROSPECTUS.

As announced by the SGX-ST on 26 November 2007, the SGX Sesdaq will be replaced by a sponsor-supervised board named Catalist on 17 December 2007. As our Company will be listed prior to 17 December 2007, it will be listed on SGX Sesdaq and subsequently on Catalist with effect from 17 December 2007. The SGX-ST will publish a date from which our Company and all existing SGX Sesdaq issuers are required to comply with the listing rules of Catalist (please refer to the "Replacement of SGX Sesdaq by Catalist" section and the "Key Changes Under Catalist Rules" in Appendix H of this Prospectus for more information).

SOON LIAN HOLDINGS LIMITED
順 聯 控 股 有 限 公 司

(Incorporated in the Republic of Singapore on 18 December 2004)
(Company Registration Number 200416295G)

Invitation in respect of 27,000,000 New Shares as follows:-

(a) 1,000,000 Offer Shares at $0.21 each by way of public offer; and
(b) 26,000,000 Placement Shares at $0.21 each by way of placement, payable in full on application.

Issue Manager, Underwriter and Placement Agent

PhillipCapital
PHILLIP SECURITIES PTE LTD

Applications should be received by 12.00 noon on 11 December 2007 or such other time and date as our Company may, in consultation with the Issue Manager, decide, subject to any limitation under all applicable laws.



COMPANY PROFILE



With an established track record of more than 20 years, Soon Lian Holdings Limited is a specialist supplier of over 1,200 different aluminium alloy products. Our quality products are mainly sold to the marine and precision engineering industries, with sales to these niche markets accounting for approximately 89.0% of our revenue in FY2006. We also supply our products to other aluminium stockists and traders, as well as customers in other industries.

Equipped with a 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 currently source our inventories of aluminium alloy products from more than 100 suppliers in countries such as USA, South Africa, Singapore, India, Canada and PRC. Our major suppliers such as Alcoa and Alcan are amongst the largest manufacturers of aluminium alloy products in the world. Over the years, we have built a diversified clientele with over 1,000 customers in more than 15 countries, including Australia, Hong Kong, India, Indonesia, Malaysia, Philippines, PRC, Singapore, South Korea, Thailand, UAE and Vietnam.

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

USES OF PRODUCTS

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





COMPETITIVE STRENGTHS



Established Track Record

- Built a strong reputation as a reliable supplier of aluminium alloy products in the markets that we serve over the last 20 years
- Provide customers with quality products and services, competitive pricing and timely delivery through our stringent quality management system, strong relationships with suppliers and good inventory management strategies

Wide customer base in specialised industries

- Well-diversified customer base with over 1,000 customers located in more than 15 countries increases the resilience of our operations, and is an effective strategy in managing our business risks
- Focused on sales to the niche markets of marine and precision engineering industries which generally provide better profit margins



Comprehensive range of readily available aluminium alloy products

- Offer over 1,200 different aluminium alloy products such as plates, sheets, bars, rods, tubes and extruded products in a wide range of specifications and dimensions
- Provide customisation services by employing a CNC underwater plasma cutting system and CNC high precision saws to cut aluminium alloy products according to the dimensional specifications required by customers

Strong relationships with major suppliers

- Established business relationships of more than 10 years with major suppliers such as Alcoa, Alcan, Elval and Hulamin
- Awarded distributorships by Alcoa, Alcan, Elval, Merrem, LB Aluminium and PT Sri Indah and appointed by Hulamin as an approved stockist



Experienced and competent management team

- Our Directors, Tony Tan, YH Tan and Sam Tan, each has more than 20 years of experience with in-depth knowledge of the aluminium business
- Our Directors are assisted by a team of Executive Officers covering different aspects of the business such as marketing, operations and finance

PROSPECTS



Growth in demand from the marine industry

- Rising crude oil prices has led to more investments in oil and gas exploration and production, which in turn resulted in greater demand for rescue boats and crew boats, as well as other service vessels used in the offshore oil and gas industry
- Higher level of offshore oil and gas exploration and production activities would also drive the demand for patrol boats to strengthen maritime security

Growth in demand from the precision engineering industry

- Growth in the economies of Southeast Asia, PRC and India will spur demand for aluminium alloy products in the precision engineering industry










FUTURE PLANS

Extend our reach in Malaysia and establish presence in Indonesia, Vietnam and UAE

- Increase business development activities in Malaysia, Indonesia, Vietnam and UAE through trade shows and other marketing activities
- Established an office cum warehouse in Penang, Malaysia, in October 2007 to enhance responsiveness to the needs of customers in the northern part of West Malaysia
- Commence operation in our Indonesia office in 2008 to focus on business development in the precision engineering industry
- Explore feasibility of expanding into Vietnam and UAE in 2008

Increase our range of aluminium alloy products and expand our warehousing capacity

- Increase range of aluminium alloy products to better meet the requirements of our customers, and keep abreast of trends and developments in the industries that we serve
- Increase warehousing capacity by acquiring existing warehousing facilities or constructing new facilities

Broaden our customer base

- Develop new overseas markets through participation in trade exhibitions, as well as print advertisements
- Intensify our marketing activities to garner greater share in existing markets

Expand our supplier base

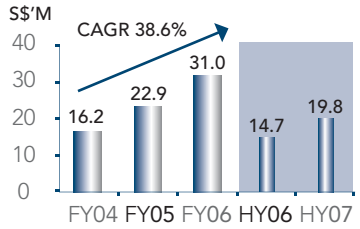
- Secure new distributorships from other manufacturers for trademarked or patented, or new grades of quality aluminium alloy products for marine and precision engineering applications
- Source for aluminium alloy products at the most competitive price to ensure a higher level of customer satisfaction and repeat business from these customers

Expand our business through acquisitions, joint ventures and strategic alliances

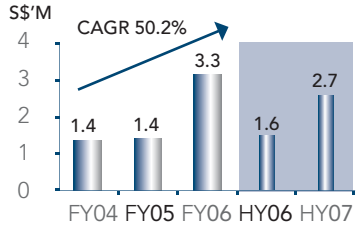
- Allow us access to new markets and customers, as well as new businesses
- Bring about greater economies of scale and provide an impetus for future growth

FINANCIAL HIGHLIGHTS

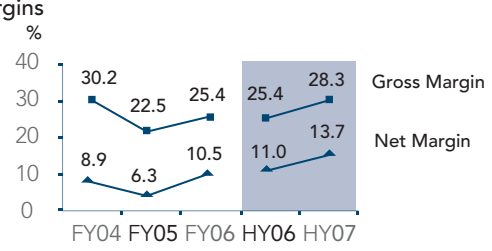
Revenue



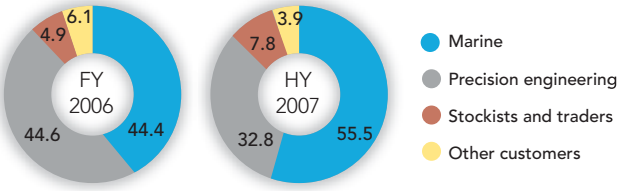
Profit After Tax



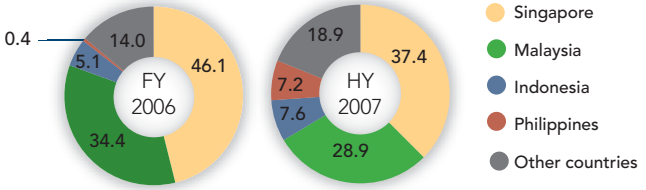
Profit Margins



Revenue by Customer Type (%)



Revenue by Geographical Market (%)



TREND INFORMATION

a) The average unit selling price of aluminium alloy products is expected to increase due to strong demand from the marine industry, and in line with the increase in our cost of aluminium alloy products

b) With strong global demand for aluminium in the aerospace industry for the construction of passenger planes, and PRC's demand for aluminium due to strong growth in motor vehicle production and infrastructure development, the cost of our aluminium alloy products is likely to increase

c) In response to longer delivery lead time for aluminium alloy products, we have increased our inventories holding to ensure we have readily available supply for our customers and this is expected to increase further in line with our inventory management strategy

d) Our gross profit margin should remain relatively stable with the adjustment in selling price in line with increased costs

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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)
Joint Company Secretaries	:	Ng Kim Ying, CPA Catherine Lim Siok Ching, ACIS, LLB(Hons)(London)
Registered Office and Business Address	:	45 Joo Koon Circle Singapore 629106
Company Registration Number	:	200416295G
Share Registrar and Share Transfer Office	:	Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.) 8 Cross Street #11-00 PWC Building Singapore 048424
Issue Manager, Underwriter and Placement Agent	:	Phillip Securities Pte Ltd 250 North Bridge Road #06-00 Raffles City Tower Singapore 179101
Auditors and Reporting Accountants	:	RSM Chio Lim Certified Public Accountants (a member of RSM International) 18 Cross Street #08-01 Marsh & McLennan Centre Singapore 048423 Partner-in-charge: Lim Lee Meng (a member of the Institute of Certified Public Accountants of Singapore)
Solicitors to the Invitation	:	Loo & Partners 88 Amoy Street Level Three Singapore 069907
Principal Bankers	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624 Oversea-Chinese Banking Corporation Limited 65 Chulia Street #29-02/04 OCBC Centre Singapore 049513
Receiving Banker	:	United Overseas Bank Limited 80 Raffles Place UOB Plaza Singapore 048624

DEFINITIONS AND INTERPRETATION

In this Prospectus and the accompanying Application Forms and in relation to Electronic Applications, the instructions appearing on the screens of ATMs of the Participating Banks or the IB websites of the Participating Banks, the following definitions apply throughout where the context so admits:-

Group Companies

"Company" or "Soon Lian"	:	Soon Lian Holdings Limited
"Group"	:	Our Company and its subsidiaries, treated for the purpose of this Prospectus as if our Group structure had been in existence since 1 January 2004
"SLH"	:	Soon Lian Hardware (Pte.) Ltd.
"SLH Malaysia"	:	Soon Lian Hardware (M) Sdn. Bhd.

Other Companies and Organisations

"ABS"	:	American Bureau of Shipping
"AEI"	:	AEI Corporation Ltd.
"Alcan"	:	Includes Alcan Inc., Alcan Singapore Pte. Ltd. and Pechiney
"Alcoa"	:	Alcoa International (Asia) Limited
"Authority"	:	The Monetary Authority of Singapore
"CDP"	:	The Central Depository (Pte) Limited
"CPF"	:	Central Provident Fund
"DNV"	:	Det Norske Veritas, an international certification body
"Elval"	:	Elval S.A.
"FIC"	:	Foreign Investment Committee of Malaysia
"Hulamin"	:	Hulamin Limited (formerly known as Hulett Aluminium (Pty) Limited)
"ISO"	:	International Organisation for Standardisation, a world-wide federation of national standards bodies
"LB Aluminium"	:	LB Aluminium Berhad
"Lloyd's"	:	Lloyd's Register of Shipping
"Merrem"	:	Merrem & la Porte B.V.
"Issue Manager", "Underwriter", "Placement Agent" or "Phillip Securities"	:	Phillip Securities Pte Ltd
"Pechiney"	:	Pechiney Rhenalu
"PT Sri Indah"	:	PT. Sri Indah Aluminium Extrusion

"SCCS"	:	Securities Clearing & Computer Services (Pte) Ltd
"SGX Sesdaq"	:	SGX-ST Dealing and Automated Quotation System
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Soon Tien Holdings"	:	Soon Tien Holdings Pte. Ltd.
"Soon Tien Investments"	:	Soon Tien Investments Pte. Ltd.

General

"Act"	:	Companies Act, Chapter 50 of Singapore
"Adjusted NTA"	:	The NTA of our Group as at 30 June 2007, adjusted for the Restructuring Exercise and the Sub-division
"Application Forms"	:	The printed application forms to be used for the purpose of the Invitation and which form part of this Prospectus
"Application List"	:	List of applications for subscription of the New Shares
"Articles of Association"	:	The articles of association of our Company
"Associate"	:	(a) in relation to an entity, means:-

(i) in a case where the entity is a substantial shareholder, controlling shareholder, substantial interest-holder or controlling interest-holder, its related corporation, related entity, associated company or associated entity; or

(ii) in any other case, (A) a director or an equivalent person, (B) where the entity is a corporation, a controlling shareholder of the entity, (C) where the entity is not a corporation, a controlling interest-holder of the entity, (D) a subsidiary, a subsidiary entity, an associated company, or an associated entity, or (E) a subsidiary, a subsidiary entity, an associated company, or an associated entity, of the controlling shareholder or controlling interest-holder, as the case may be, of the entity; and

(b) in relation to an individual, means:-

(i) his immediate family;

(ii) a trustee of any trust of which the individual or any member of the individual's immediate family is a beneficiary or, where the trust is a discretionary trust, a discretionary object, when the trustee acts in that capacity; or

(iii) any corporation in which he and his immediate family (whether directly or indirectly) have interests in voting shares of an aggregate of not less than 30% of the total votes attached to all voting shares

		The terms "associated company", "associated entity", "controlling interest-holder", "controlling shareholder", "related corporation", "related entity", "subsidiary", "subsidiary entity" and "substantial interest-holder" shall have the same meanings ascribed to them respectively in the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005
"ATM"	:	Automated teller machine
"Audit Committee"	:	The audit committee of our Company as at the date of this Prospectus, unless otherwise stated
"Board" or "Board of Directors"	:	Our board of Directors as at the date of this Prospectus, unless otherwise stated
"Controlling Shareholder"	:	A person who has an interest in our Shares of an aggregate of not less than 15% of the total votes attached to all our Shares, or in fact exercises control over our Company
"Directors"	:	The directors of our Company as at the date of this Prospectus, unless otherwise stated
"Electronic Applications"	:	Applications for the Offer Shares made through an ATM of the Participating Banks or the IB website of the Participating Banks in accordance with the terms and conditions of this Prospectus
"EPS"	:	Earnings per Share
"Executive Directors"	:	The executive Directors of our Company as at the date of this Prospectus, unless otherwise stated
"Executive Officers"	:	Unless otherwise stated, the executive officers of our Group as at the date of this Prospectus, including our key executives who make or participate in making decisions that affect the whole or a substantial part of our business or have the capacity to make decisions which affect significantly our financial standing
"FY"	:	Financial year ended or ending 31 December, as the case may be
"Hong Kong"	:	Hong Kong Special Administrative Region of PRC
"HY"	:	Six months ended or ending 30 June, as the case may be
"IB"	:	Internet banking
"Independent Directors"	:	The non-executive independent Directors of our Company as at the date of this Prospectus, unless otherwise stated
"Invitation"	:	The invitation by our Company to the public to subscribe for the New Shares at the Issue Price, subject to and on the terms and conditions of this Prospectus
"ISO 9001:2000"	:	A constituent part of the ISO 9000 series which states the requirement for a quality management system and covers the following eight management principles: customer focus, leadership, involvement of people, process approach, system approach management, continual improvement, factual approach to decision-making and mutually beneficial supplier relationship

"Issue Price"	:	$0.21 for each New Share
"Latest Practicable Date"	:	22 October 2007, being the latest practicable date prior to the lodgement of this Prospectus with the Authority
"Listing Manual"	:	The Listing Manual of the SGX-ST
"Macau"	:	Macau Special Administrative Region of PRC
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"NAV"	:	Net asset value
"New Shares"	:	27,000,000 new Shares for which our Company invites applications to subscribe pursuant to the Invitation, subject to and on the terms and conditions of this Prospectus
"Nominating Committee"	:	The nominating committee of our Company as at the date of this Prospectus, unless otherwise stated
"NTA"	:	Net tangible assets
"Offer"	:	The invitation by our Company to the public in Singapore for subscription of the Offer Shares at the Issue Price, subject to and on the terms and conditions of this Prospectus
"Offer Shares"	:	1,000,000 New Shares which are the subject of the Offer
"Participating Banks"	:	Oversea-Chinese Banking Corporation Limited ("OCBC"), DBS Bank Ltd (including POSB) ("DBS Bank"), United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited ("UOB Group")
"PBT"	:	Profit before tax
"PER"	:	Price earnings ratio
"periods under review"	:	The period which comprises FY2004, FY2005, FY2006 and HY2007
"Placement"	:	The placement of the Placement Shares by the Placement Agent on behalf of our Company for subscription at the Issue Price, subject to and on the terms and conditions of this Prospectus
"Placement Shares"	:	26,000,000 New Shares which are the subject of the Placement
"PRC"	:	The People's Republic of China, excluding Hong Kong and Macau for the purpose of this Prospectus
"Remuneration Committee"	:	The remuneration committee of our Company as at the date of this Prospectus, unless otherwise stated
"Restructuring Exercise"	:	The restructuring exercise undertaken by our Group prior to the Invitation, as described under the "Restructuring Exercise" section of this Prospectus
"Securities Account"	:	Securities account maintained by a Depositor with CDP (excluding a securities sub-account)

"Service Agreements"	:	The service agreements entered into between our Company and our Executive Directors, as described under the "Service Agreements" section of this Prospectus
"SFA"	:	Securities and Futures Act, Chapter 289 of Singapore
"Shareholders"	:	Registered holders of Shares, except where the registered holder is CDP, the term "Shareholders" shall, in relation to such Shares mean the Depositors whose Securities Accounts are credited with Shares
"Shares"	:	Ordinary shares in the capital of our Company
"Sub-division"	:	The sub-division of 6,189,000 Shares in the issued share capital of our Company into 81,000,000 Shares
"Substantial Shareholder"	:	A person who has an interest in voting shares of our Company the total votes attached to which is not less than 5% of the total votes attached to all the voting shares in our Company
"UAE"	:	United Arab Emirates
"UK"	:	United Kingdom
"USA"	:	United States of America

Currencies, Units and Others

"Euro"	:	The single currency of 13 member states of the European Union (namely, Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Portugal, Slovenia, Spain and the Netherlands)
"MYR"	:	Malaysian Ringgit
"SGD", "S$" or "$" and "cents"	:	Singapore dollars and cents, respectively
"USD" or "US$"	:	United States dollars
"mm"	:	Millimetres
"Mpa"	:	Megapascal, a unit of pressure equivalent to 145 pounds per square inch
"sq m"	:	Square metre
"NA" or "na"	:	Not applicable
"NM" or "nm"	:	Not meaningful
"%" or "per cent."	:	Per centum or percentage

For the purpose of this Prospectus, the following persons named in the first column below are also known by the name(s) set out in the second column:-

Name in National Registration Identity Card (NRIC)/Passport		**Also known as**
Chow Tuck Fai	:	Edward Chow
Tan Ee Hoon	:	Jenny Tan
Tan Ee Tin	:	Carol Tan
Tan Yee Chin	:	Tony Tan
Tan Yee Ho	:	YH Tan
Tan Yee Leong	:	Sam Tan

The terms "Depositor", "Depository Agent" and "Depository Register" shall have the same meanings ascribed to them respectively in Section 130A of the Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any discrepancies in tables included herein between the total sum of amounts listed and the totals shown are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Any reference in this Prospectus, the Application Forms and the Electronic Applications to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined under the Act, the SFA or any statutory modification thereof and used in this Prospectus, the Application Forms and the Electronic Applications shall, where applicable, have the meaning ascribed to it under the Act, the SFA or such statutory modification thereof, as the case may be.

Any reference in this Prospectus, the Application Forms and the Electronic Applications to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time of day in this Prospectus, the Application Forms and the Electronic Applications shall be a reference to Singapore time, unless otherwise stated.

Any reference to "we", "us", "our" and "ourselves" in this Prospectus is a reference to our Company, our Group or any member of our Group as the context requires.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of our business, the following glossary provides an explanation of some of the terms and abbreviations used in this Prospectus. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms.

"alloy"	:	An alloy is a combination, either in solution or compound, of two or more elements, at least one of which must be a metal. The result is a metallic substance with properties different from those of its components
"alloying element"	:	An element that is added to metal to change its physical characteristics and properties
"anodisation"	:	An electrochemical process to harden the surface of aluminium material and increase its resistance to corrosion
"AutoCAD"	:	A CAD software package for mechanical engineering
"CAD/CAM"	:	Computer-aided design/computer-aided manufacturing
"CNC"	:	Computer numerical control. Refers to computer control of machine tools for the purpose of manufacturing complex parts in metal as well as other materials
"ductile"	:	The characteristic of a material that can be worked, hammered or shaped under pressure without breaking
"extruded profiles"	:	Aluminium products produced by pushing a hot cylindrical billet of aluminium through a shaped die to obtain a section, the cross-sectional shape of which is defined by the shape of the die
"plasma"	:	Plasma, also called ionised gas, is an energetic gas-phase state of matter in which some or all of the electrons have become separated from the atom or molecule
"tensile strength"	:	The resistance of a material to a force tending to tear it apart, measured as the maximum tension the material can withstand without tearing

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements contained in this Prospectus, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact constitute "forward-looking statements". You can identify some of these forward-looking statements by terms such as "expects", "believes", "plans", "intends", "estimates", "anticipates", "may", "will", "would" and "could" or similar words. However, you should note that these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategy, plans and prospects are forward-looking statements. These forward-looking statements, including statements as to:-

(a) our revenue and profitability;

(b) expected growth in demand;

(c) expected industry trends;

(d) anticipated expansion plans; and

(e) other matters discussed in this Prospectus regarding matters that are not historical fact,

are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements. These risks, uncertainties and other factors include, among others:-

(a) changes in political, social and economic conditions and the regulatory environment in Singapore and other countries in which we conduct business;

(b) changes in currency exchange rates;

(c) our anticipated growth strategies and expected internal growth;

(d) changes in the availability and prices of aluminium alloy products;

(e) changes in customer demand;

(f) changes in competitive conditions and our ability to compete under these conditions;

(g) changes in our future capital needs and the availability of financing and capital to fund these needs; and

(h) other factors beyond our control.

These factors are discussed in greater detail in this Prospectus, in particular, the "Risk Factors" and "Management's Discussion and Analysis of Results of Operations and Financial Condition" sections of this Prospectus. All forward-looking statements by or attributable to us or our Directors, Executive Officers or employees acting on our behalf, or other persons acting on our behalf, contained in this Prospectus are expressly qualified in their entirety by such factors. These forward-looking statements are applicable only as of the date of this Prospectus.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Prospectus, we advise you not to place undue reliance on those statements. Neither we, the Issue Manager, the Underwriter, the Placement Agent nor any other person represents or warrants to you that our actual future results, performance or achievements will be as discussed in those statements.

Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We, the Issue Manager, the Underwriter and the Placement Agent disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future. We are, however, subject to the provisions of the SFA and the Listing Manual regarding corporate disclosure. In particular, pursuant to Section 241 of the SFA, if after this Prospectus is registered but before the close of the Invitation, we become aware of (a) a false or misleading statement in this Prospectus; (b) an omission from this Prospectus of any information that should have been included in it under Section 243 of the SFA; or (c) a new circumstance that has arisen since this Prospectus was lodged with the Authority and would have been required by Section 243 of the SFA to be included in this Prospectus, if it had arisen before this Prospectus was lodged and that is materially adverse from the point of view of an investor, our Company may lodge a supplementary or replacement prospectus with the Authority.

SELLING RESTRICTIONS

This Prospectus does not constitute an offer, solicitation or invitation to subscribe for the New Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory authorities of, any jurisdiction, except for the lodgement and/or registration of this Prospectus in Singapore in order to permit a public offering of the New Shares and the public distribution of this Prospectus in Singapore. The distribution of this Prospectus and the offering of the New Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Prospectus are required by us, the Issue Manager, the Underwriter and the Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us, the Issue Manager, the Underwriter or the Placement Agent.

DETAILS OF THE INVITATION

LISTING ON THE SGX SESDAQ

We have applied to the SGX-ST for permission to deal in, and for quotation of, all our Shares already issued as well as the New Shares which are the subject of the Invitation. Such permission will be granted when our Company has been admitted to the Official List of the SGX Sesdaq. Our acceptance of applications will be conditional upon, *inter alia*, the issue of the New Shares and permission being granted to deal in, and for quotation of, all of our existing issued Shares and the New Shares. If such permission is not granted for any reason, monies paid in respect of any application accepted will be returned to the applicant at the applicant's own risk, without interest or any share of revenue or other benefit arising therefrom, and the applicant will not have any claims whatsoever against our Company, the Issue Manager, the Underwriter or the Placement Agent. No Shares shall be allotted on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Prospectus. Admission to the Official List of the SGX Sesdaq is not to be taken as an indication of the merits of the Invitation, our Company, our subsidiaries, our Shares already issued or our New Shares.

A copy of this Prospectus has been lodged with and registered by the Authority. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the SFA, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the New Shares being offered for investment. We have not lodged or registered this Prospectus in any other jurisdiction.

This Prospectus has been seen and approved by our Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus and that there are no material facts the omission of which would make any statements in this Prospectus misleading, and that this Prospectus constitutes full and true disclosure of all material facts about the Invitation, our Company, our subsidiaries, our Shares already issued and the New Shares.

Neither our Company, the Issue Manager, the Underwriter, the Placement Agent nor any other parties involved in the Invitation is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations. No information in this Prospectus should be considered as being business, legal or tax advice regarding an investment in our Shares. Each prospective investor should consult his own professional or other advisers for business, legal or tax advice regarding an investment in our Shares.

No person has been or is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Invitation and, if given or made, such information or representation must not be relied upon as having been authorised by our Company, the Issue Manager, the Underwriter or the Placement Agent. Neither the delivery of this Prospectus and the Application Forms or any document relating to the Invitation shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of our Company or our subsidiaries or in any statements of fact or information contained in this Prospectus since the date of this Prospectus. Where such changes occur, we will comply with the relevant provisions of the SFA and make an announcement of the same to the SGX-ST and if required under the SFA, a supplementary or replacement prospectus will be issued and made available to the public after a copy thereof has been lodged with the Authority. All applicants should take note of any such announcement, or supplementary or replacement prospectus and, upon the release of such an announcement, or supplementary or replacement prospectus, shall be deemed to have notice of such changes. Save as expressly stated in this Prospectus, nothing herein is, or may be relied upon as, a promise or representation as to the future performance or policies of our Company or our subsidiaries.

This Prospectus has been prepared solely for the purpose of the Invitation and may not be relied upon by any persons other than the applicants applying for the New Shares or for any other purpose. **This Prospectus does not constitute an offer, solicitation or invitation to subscribe for the New Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such an offer, solicitation or invitation.**

Pursuant to Section 241 of the SFA, if after this Prospectus is registered but before the close of the Invitation, we become aware of:-

(a) a false or misleading statement in this Prospectus;

(b) an omission from this Prospectus of any information that should have been included in it under Section 243 of the SFA; or

(c) a new circumstance that has arisen since this Prospectus was lodged with the Authority and would have been required by Section 243 of the SFA to be included in this Prospectus, if it had arisen before this Prospectus was lodged,

and that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement prospectus with the Authority.

Where prior to the lodgement of the supplementary or replacement prospectus, applications have been made under this Prospectus to subscribe for the New Shares and:-

(a) where the New Shares have not been issued to the applicants, we shall either:-

    (i) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement prospectus, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the same and provide the applicants with an option to withdraw their applications, and take all reasonable steps to make available within a reasonable period the supplementary or replacement prospectus, as the case may be, to the applicants who have indicated that they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement prospectus;

    (ii) within seven days from the date of lodgement of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to withdraw their applications; or

    (iii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and we shall, within seven days from the date of lodgement of the supplementary or replacement prospectus, pay the applicants all monies the applicants have paid on account of their applications for the New Shares without interest or any share of revenue or other benefit arising therefrom and at their own risk and the applicants shall not have any claim against our Company, the Issue Manager, the Underwriter or the Placement Agent; or

(b) where the New Shares have been issued to the applicants, we shall either:-

    (i) within two days (excluding any Saturday, Sunday or public holiday) from the date of lodgement of the supplementary or replacement prospectus, give the applicants notice in writing of how to obtain, or arrange to receive, a copy of the same and provide the applicants with an option to return to us the New Shares which they do not wish to retain title in, and take all reasonable steps to make available within a reasonable period the supplementary or replacement prospectus to the applicants who have indicated that they wish to obtain, or who have arranged to receive, a copy of the supplementary or replacement prospectus;

(ii) within seven days from the date of lodgement of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to return to us the New Shares which they do not wish to retain title in; or

(iii) treat the issue of the New Shares as void, in which case the issue shall be deemed void and we shall:-

(A) within seven days from the date of lodgement of the supplementary or replacement prospectus, pay the applicants all monies the applicants have paid on account of their applications for the New Shares without interest or any share of revenue or other benefit arising therefrom and at their own risk and the applicants shall not have any claim against our Company, the Issue Manager, the Underwriter or the Placement Agent; or

(B) (aa) if documents purporting to evidence title to the New Shares ("title documents") have been issued to the applicants, within seven days from the date of lodgement of the supplementary or replacement prospectus, inform the applicants to return the title documents to us within 14 days from the date of lodgement of the supplementary or replacement prospectus, and within seven days from the date of receipt of the title documents or the date of lodgement of the supplementary or replacement prospectus, whichever is the later, pay to the applicants all monies paid by them for the New Shares without interest or any share of revenue or other benefit arising therefrom and at their own risk and the applicants shall not have any claim against our Company, the Issue Manager, the Underwriter or the Placement Agent; or (bb) if no title documents have been issued to the applicants, within seven days from the date of lodgement of the supplementary or replacement prospectus, pay to the applicants all monies paid by them for the New Shares without interest or any share of revenue or other benefit arising therefrom and at their own risk and the applicants shall not have any claim against our Company, the Issue Manager, the Underwriter or the Placement Agent.

An applicant who wishes to exercise his option under paragraph (a)(i) or (ii) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify us of this, whereupon we shall, within seven days from the receipt of such notification, pay to him all monies paid by him on account of his application for the New Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk and he shall not have any claim against our Company, the Issue Manager, the Underwriter or the Placement Agent.

An applicant who wishes to exercise his option under paragraph (b)(i) or (ii) to return the New Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify us of this and return all documents, if any, purporting to be evidence of title to those New Shares, to us, whereupon we shall, within seven days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those New Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk and he shall not have any claim against our Company, the Issue Manager, the Underwriter or the Placement Agent, and the issue of those New Shares shall be deemed to be void.

Pursuant to Section 242 of the SFA, the Authority may issue a stop order if a prospectus that has been registered (i) contains any statement which, in the Authority's opinion, is false or misleading; (ii) omits any information that should have been included in it under Section 243 of the SFA; or (iii) does not in the Authority's opinion comply with the requirements of the SFA. In the event that the Authority issues a stop order, and applications to subscribe for the New Shares have been made prior to the stop order, then:-

(a) where the New Shares have not been issued to the applicants, the applications for the New Shares shall be deemed to have been withdrawn and cancelled and we shall, within 14 days from the date of the stop order, pay to the applicants all monies the applicants have paid on account of their applications for the New Shares without interest or any share of revenue or other benefit arising therefrom and at their own risk and the applicants shall not have any claim against our Company, the Issue Manager, the Underwriter or the Placement Agent; or

(b) where the New Shares have been issued to the applicants, the issue of the New Shares shall be deemed to be void and we shall, (i) if no documents purporting to evidence title to those New Shares have been issued to the applicants, within seven days from the date of the stop order, pay to the applicants all monies paid by them for those New Shares without interest or any share of revenue or other benefit arising therefrom and at their own risk and the applicants shall not have any claim against our Company, the Issue Manager, the Underwriter or the Placement Agent, or (ii) if documents purporting to evidence title to those New Shares have been issued to the applicants, within seven days from the date of the stop order, inform the applicants to return such documents to us within 14 days from that date and within seven days from the date of receipt of such documents or the date of the stop order, whichever is the later, pay to the applicants all monies paid by them for those New Shares without interest or any share of revenue or other benefit arising therefrom and at their own risk and the applicants shall not have any claim against our Company, the Issue Manager, the Underwriter or the Placement Agent.

Copies of this Prospectus and the Application Forms may be obtained on request, subject to availability, during office hours from:-

PHILLIP SECURITIES PTE LTD
250 North Bridge Road
#06-00 Raffles City Tower
Singapore 179101

and from members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website http://www.sgx.com and the Authority's website http://masnet.mas.gov.sg/opera/sdrprosp.nsf.

The Invitation will be open from 4 December 2007 to 11 December 2007.

The Application List will open at 10.00 am on 11 December 2007 and will remain open until 12.00 noon on the same day or for such further period or periods as our Directors may, in consultation with the Issue Manager, in their absolute discretion, decide, subject to any limitation under all applicable laws. Where a supplementary or replacement prospectus has been lodged with the Authority, the Application List shall be kept open for at least 14 days after the lodgement of the supplementary or replacement prospectus.

Details of the procedures for applications to subscribe for the New Shares are set out in Appendix G of this Prospectus.

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable is set out below for your reference:-

Indicative Date and Time	Event
11 December 2007, 12.00 noon	Close of Application List
12 December 2007	Balloting of applications, if necessary (in the event of over-subscription for the Offer Shares)
13 December 2007, 9.00 am	Commence trading on a "ready" basis
18 December 2007	Settlement date for all trades done on a "ready" basis

The above timetable is only indicative as it assumes that the date of closing of the Application List is 11 December 2007, the date of admission of our Company to the Official List of the SGX Sesdaq is 13 December 2007, the SGX-ST's shareholding spread requirement will be complied with and the New Shares will be issued and fully paid-up prior to 13 December 2007. The actual date on which our Shares will commence trading on a "ready" basis will be announced when it is confirmed by the SGX-ST.

The above timetable and procedures may be subject to such modification as the SGX-ST may, in its absolute discretion, decide, including the commencement date of trading on a "ready" basis.

Investors should consult the SGX-ST's announcement on the "ready" trading date on the Internet (at the SGX-ST website http://www.sgx.com) or the newspapers, or check with their brokers on the date on which trading on a "ready" basis will commence.

In the event of any changes in the closure of the Application List or the time period during which the Invitation is open, we will publicly announce the same:-

(i) through a SGXNET announcement to be posted on the Internet at the SGX-ST website http://www.sgx.com; and

(ii) through a paid advertisement in a local English newspaper.

We will provide details of the results of the Invitation as soon as practicable after the closure of the Application List through the channels described in (i) and (ii) above.

REPLACEMENT OF SGX SESDAQ BY CATALIST

As announced by the SGX-ST on 26 November 2007, the SGX Sesdaq will be replaced by a sponsor-supervised board named Catalist on 17 December 2007. As our Company will be listed prior to 17 December 2007, it will be listed on SGX Sesdaq and subsequently on Catalist with effect from 17 December 2007. The SGX-ST will publish a date ("Transition Date") from which our Company and all existing SGX Sesdaq issuers are required to comply with the listing rules of Catalist (the "Catalist Rules"). At least 12 months' notice will be given and the SGX-ST may impose conditions.

Our Company must meet the following requirements by the Transition Date:-

(a) submit an undertaking to, *inter alia*, comply with the Catalist Rules to the SGX-ST;

(b) comply with any conditions imposed by the SGX-ST;

(c) announce our intention to the market giving no less than one month's notice, including the name of our Sponsor (as defined below) and the date from which we will comply with the Catalist Rules as agreed with the SGX-ST; and

(d) send a copy of the announcement to each Shareholder on our register at the date of the announcement.

Until the above requirements have been met, our Company must continue to comply with the SGX Sesdaq rules. Our Company may be delisted if we fail to comply with the above requirements by the Transition Date.

A key feature of Catalist is that intermediaries ("Sponsors") will be authorised by the SGX-ST to act as either:-

(a) a full Sponsor, authorised to undertake activities set out in Catalist Rule 225 in preparing a listing applicant for admission or advising an existing issuer in a very substantial acquisition or reverse takeover as well as activities set out in Catalist Rule 226 in advising an existing issuer on compliance with the continuing obligations under the Catalist Rules; or

(b) a continuing Sponsor, authorised to undertake activities set out in Catalist Rule 226 in advising an existing issuer on compliance with the continuing obligations under the Catalist Rules.

With effect from the day from which we shall comply with the Catalist Rules, we must retain a Sponsor at all times or face delisting. The Sponsor will review all documents to be released by us on Catalist to Shareholders or to the market (including announcements, resolutions contained in notices of meetings, circulars and corporate actions) before release, to ensure that our Company complies with the Catalist Rules and makes the appropriate disclosures.

In its letter dated 30 October 2007, informing that our Company is conditionally eligible for listing on the SGX Sesdaq, the SGX-ST has stated that our Company will be transferred to the SGX Mainboard if we are able to achieve a profit before tax of at least $7.0 million for each of FY2007 and FY2008.

Please refer to the "Key Changes Under Catalist Rules" in Appendix H of this Prospectus for information on the key changes which will affect our Company upon the Catalist Rules coming into effect.

PROSPECTUS SUMMARY

The information contained in this summary is derived from and should be read in conjunction with the full text of this Prospectus. Prospective investors should read the entire Prospectus carefully, especially the matters set out under the "Risk Factors" section of this Prospectus, before deciding to invest in our Shares.

Our Group

Our Company was incorporated in Singapore on 18 December 2004 as an exempt private limited company under the name "Soon Lian Pte. Ltd." and its name was changed subsequently to "Soon Lian Holdings Pte. Ltd." on 30 December 2004. In connection with our Company's conversion to a public company limited by shares, its name was changed to "Soon Lian Holdings Limited" on 14 November 2007.

Our Group comprises our Company and our subsidiaries, SLH and SLH Malaysia.

Our registered office and principal place of business is at 45 Joo Koon Circle, Singapore 629106. Our telephone and facsimile numbers are (65) 6261 8888 and (65) 6862 6888, respectively. Our Company Registration Number is 200416295G. Our Internet website address is www.soonlian.com. Information contained on our Internet website does not constitute a part of this Prospectus.

Our Business

We are a specialist supplier of over 1,200 different aluminium alloy products in various specifications for customers mainly in the marine and precision engineering industries. To provide customisation services to our customers, we employ a CNC underwater plasma cutting system and CNC high precision saws to cut the aluminium alloy products according to our customers' specifications.

Our quality aluminium alloy products meet the stringent requirements of our customers in the marine and precision engineering industries. These requirements include corrosion resistance, flatness tolerance, stability and tensile strength. We source our inventories of aluminium alloy products mainly from established manufacturers in the USA and South Africa.

The various grades of aluminium alloy products that we supply include AA1100, AA2024, AA5052, AA5083, AA6061 and AA7075. The different grades of aluminium alloy products indicate variation in terms of the major alloying elements. Some common alloying elements include magnesium, manganese, silicon, zinc and copper. This system of classification is administered by The Aluminum Association, Inc. and is one of the most frequently used international standards.

Our customers are mainly located in Singapore and Malaysia.

Our Competitive Strengths

Our Directors believe that our key competitive strengths are as follows:-

- we have established in the last 20 years a reputation as a reliable supplier of aluminium alloy products in the markets that we serve;

- we have built a wide customer base with over 1,000 customers located in more than 15 countries;

- we have a comprehensive range of over 1,200 different aluminium alloy products such as plates, sheets, bars, rods, tubes and extruded products in a wide range of specifications and dimensions;

- we have the capability to provide quality customisation services by employing a CNC underwater plasma cutting system and CNC high precision saws to cut the aluminium alloy products to precise dimensions according to the requirements of our customers;

- we have established strong business relationships with our major suppliers; and

- we are led by an experienced management team, which possesses in-depth knowledge of the aluminium business.

Further details are set out under the "Competitive Strengths" section of this Prospectus.

Our Business Strategies and Future Plans

Our vision is to become a leading aluminium alloy products supplier by consistently providing timely delivery of quality aluminium alloy products at competitive prices. Our business strategies and future plans are as follows:-

- extend our reach in Malaysia and establish a presence in Indonesia, Vietnam and UAE;
- increase our range of aluminium alloy products and expand our warehousing capacity;
- broaden our customer base;
- expand our supplier base; and
- expand our business through acquisitions, joint ventures and strategic alliances.

Further details are set out under the "Business Strategies and Future Plans" section of this Prospectus.

Our Financial Results and Position

The following tables represent a summary of the financial highlights of our Group and should be read in conjunction with the "Management's Discussion and Analysis of Results of Operations and Financial Condition" section, the "Independent Auditors' Report on the Audited Combined Financial Statements of Soon Lian Holdings Limited" in Appendix A and the "Independent Auditors' Review Report on the Unaudited Combined Financial Statements of Soon Lian Holdings Limited" in Appendix B of this Prospectus.

Selected items from the Operating Results of our Group[1]

	← Audited →			← Unaudited →	
($'000)	**FY2004**	**FY2005**	**FY2006**	**HY2006**	**HY2007**
Revenue	16,151	22,891	31,011	14,688	19,755
Gross profit	4,880	5,159	7,879	3,728	5,585
Profit before tax	1,934	1,852	4,173	2,068	3,273
Profit for the year / period	1,443	1,442	3,254	1,613	2,704
Pre-Invitation EPS (cents)[2]	1.8	1.8	4.0	2.0	3.3
Post-Invitation EPS (cents)[3]	1.3	1.3	3.0	1.5	2.5

Notes: -

(1) The combined operating results of our Group for the periods under review have been prepared on the basis that our Group has been in existence throughout the periods under review.

(2) For comparative purposes, the pre-Invitation EPS for the periods under review have been computed based on the profit for the year/period and the pre-Invitation share capital of 81,000,000 Shares.

(3) For comparative purposes, the post-Invitation EPS for the periods under review have been computed based on the profit for the year/period and the post-Invitation share capital of 108,000,000 Shares.

Selected items from the Combined Financial Position of our Group[1]

($'000)	Audited As at 31 December 2006	Unaudited As at 30 June 2007
ASSETS		
Current assets	25,336	32,872
Non-current assets	8,045	7,994
Total assets	33,381	40,866
LIABILITIES AND EQUITY		
Current liabilities	21,096	27,805
Non-current liabilities	4,171	3,884
Shareholders' equity	8,114	9,177
Total liabilities and equity	33,381	40,866
NTA per Share (cents)[2]	10.0	11.3

Notes: -

(1) The combined financial position of our Group as at 31 December 2006 and 30 June 2007 have been prepared on the basis that our Group was in existence on these dates.

(2) The NTA per Share as at 31 December 2006 and 30 June 2007 have been computed based on our pre-Invitation share capital of 81,000,000 Shares.

Our Ownership Structure

Following the Invitation, our Company will be 67.5% owned by Soon Tien Holdings, which in turn is wholly-owned by our Executive Directors, Tony Tan, YH Tan and Sam Tan, and our Executive Officers, Jenny Tan and Carol Tan (please refer to the "Shareholders" section of this Prospectus for further details on our shareholding structure).

THE INVITATION

Issue Size	:	27,000,000 New Shares. The New Shares, upon issue and allotment, will rank *pari passu* in all respects with the existing issued Shares.
Issue Price	:	$0.21 for each New Share.
Offer	:	The Offer comprises an offering by our Company of 1,000,000 Offer Shares to the public in Singapore for subscription at the Issue Price, subject to and on the terms and conditions of this Prospectus.
Placement	:	The Placement comprises an offering by the Placement Agent on behalf of our Company of 26,000,000 Placement Shares at the Issue Price by way of placement, subject to and on the terms and conditions of this Prospectus.
Purpose of the Invitation	:	Our Directors consider that the listing of our Company and the quotation of our Shares on the SGX Sesdaq will enhance our public image locally and internationally and enable our Company to tap the capital markets to fund our business growth. It will also provide members of the public, our Independent Directors, our employees, our business associates and others who have contributed to the success of our Group with an opportunity to participate in the equity of our Company.
Listing Status	:	There has been no public market for our Shares prior to the Invitation. Our Shares will be quoted in Singapore dollars on the SGX Sesdaq, subject to admission of our Company to the Official List of the SGX Sesdaq, permission for dealing in, and for quotation of, our Shares being granted by the SGX-ST and the Authority not issuing a stop order.

PLAN OF DISTRIBUTION

The Issue Price is determined by us in consultation with the Issue Manager, the Underwriter and the Placement Agent after taking into consideration, *inter alia*, prevailing market conditions and estimated market demand for the New Shares through a book-building process. The Issue Price is the same for all New Shares and is payable in full on application.

Offer Shares

The Offer Shares are made available to members of the public in Singapore for subscription at the Issue Price. The terms and conditions and procedures for application and acceptance are described in Appendix G of this Prospectus.

Pursuant to the terms and conditions in the Management and Underwriting Agreement entered into between our Company, the Issue Manager and the Underwriter dated 3 December 2007, the Issue Manager has agreed to manage the Invitation and the Underwriter has agreed to underwrite the Offer Shares.

In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares not subscribed for shall be made available to satisfy excess applications for the Placement Shares to the extent that there is an over-subscription for the Placement Shares as at the close of the Application List.

In the event of an over-subscription for the Offer Shares as at the close of the Application List and/or the Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors in consultation with the Issue Manager and approved by the SGX-ST.

Placement Shares

Applications for the Placement Shares may only be made by way of Placement Shares Application Forms. The terms and conditions and procedures for application and acceptance are described in Appendix G of this Prospectus.

Pursuant to the terms and conditions in the Placement Agreement entered into between our Company and the Placement Agent dated 3 December 2007, the Placement Agent has agreed to subscribe for and/or procure subscribers for the Placement Shares at the Issue Price.

In the event of an under-subscription for the Placement Shares as at the close of the Application List, that number of Placement Shares not subscribed for shall be made available to satisfy excess applications for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.

Subscribers of the Placement Shares may be required to pay a brokerage of up to 1.0% of the Issue Price to the Placement Agent, as well as stamp duties and any other similar charges.

None of our Directors or Substantial Shareholders intends to subscribe for the New Shares in the Invitation, save for our Independent Directors who would be offered Placement Shares.

The terms and conditions and procedures for application and acceptance are described under "Terms and Conditions and Procedures for Applications" in Appendix G of this Prospectus.

To the best of our knowledge, we are not aware of any person who intends to subscribe for more than 5% of the New Shares in the Invitation. However, through a book-building process to assess market demand for the New Shares, there may be person(s) who may indicate his interest to subscribe for more than 5% of the New Shares. If such person(s) were to make an application for more than 5% of the New Shares and subsequently allotted such number of New Shares, we will make the necessary announcements at an appropriate time. The final allocation of Shares will be in accordance with the shareholding spread and distribution guidelines set out in Rule 210 of the Listing Manual.

No Shares shall be allotted on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.

USE OF PROCEEDS FROM THE INVITATION AND EXPENSES INCURRED

The net proceeds to be raised by our Company from the issue of the New Shares (after deducting the estimated issue expenses of $1.5 million which will be borne by our Company) are estimated to be $4.2 million.

Each principal intended use of the Invitation proceeds and major expenses is set out below:-

		($'000)	Estimated amount for each dollar raised from the Invitation (cents)
Use of proceeds			
(a)	Extending our reach in Malaysia and establishing a presence in Indonesia, Vietnam and UAE	700	12.3
(b)	Increasing our range of aluminium alloy products and expanding our warehousing capacity	2,000	35.3
(c)	General working capital	1,460	25.7
Net proceeds		4,160	73.3
Expenses			
(a)	Listing fees	54	1.0
(b)	Professional fees	760	13.4
(c)	Underwriting commission, placement commission and brokerage	152	2.7
(d)	Miscellaneous expenses	544	9.6
Gross proceeds from the Invitation		5,670	100.0

Additional information on our future plans may be found under the "Business Strategies and Future Plans" section of this Prospectus. Our future plans may be funded, apart from the Invitation proceeds, either through internally generated funds and/or external borrowings.

Pending the specific deployment of the net proceeds as aforesaid, the funds will be placed in short-term deposits with financial institutions, used as working capital or invested in short-term money market instruments as our Directors may, in their absolute discretion, deem fit.

Our Company will make periodic announcements as and when the net proceeds from the issue of the New Shares are materially disbursed and will provide a status report on the use of the net proceeds in our annual report.

In the event that any part of our proposed uses of the net proceeds from the issue of New Shares does not materialise or proceed as planned, our Directors will carefully evaluate the situation and may reallocate the intended funding to other purposes and/or hold such funds on short-term deposits for so long as our Directors deem it to be in the interest of our Company and our Shareholders, taken as a whole. Any change in the use of the net proceeds will be subject to the listing rules of the SGX-ST and appropriate announcements will be made by our Company on SGXNET.

MANAGEMENT, UNDERWRITING AND PLACEMENT ARRANGEMENTS

Pursuant to the management and underwriting agreement dated 3 December 2007 (the "Management and Underwriting Agreement") entered into between our Company and Phillip Securities as the Issue Manager and the Underwriter, our Company appointed Phillip Securities, and Phillip Securities has agreed, to manage the Invitation. Phillip Securities will receive a management fee from our Company for its services rendered in connection with the Invitation.

Pursuant to the Management and Underwriting Agreement, Phillip Securities agreed to underwrite the Offer Shares for a commission of 2.25% of the Issue Price for each Offer Share payable by our Company. Phillip Securities may, at its absolute discretion, appoint one or more sub-underwriters to underwrite the Offer Shares.

Pursuant to the placement agreement dated 3 December 2007 (the "Placement Agreement") entered into between our Company and Phillip Securities as the Placement Agent, the Placement Agent agreed to subscribe and/or procure subscriptions for the Placement Shares for a placement commission of 2.5% of the Issue Price for each Placement Share to be paid by our Company. The Placement Agent may, at its absolute discretion, appoint one or more sub-placement agents for the Placement Shares.

Brokerage will be paid by our Company at the rate of 0.25% of the Issue Price for each Offer Share. In respect of the Offer Shares, the brokerage will be paid to members of the SGX-ST, merchant banks and members of the Association of Banks in Singapore in respect of successful applications made on Application Forms bearing their respective stamps, or to Participating Banks in respect of successful applications made through Electronic Applications at their respective ATMs or IB websites. In addition, DBS Bank levies a minimum brokerage fee of S$5,000 that will be paid by our Company. Subscribers of the Placement Shares may be required to pay a brokerage of up to 1.0% of the Issue Price to the Placement Agent (including the prevailing goods and services tax, if applicable).

Save as aforesaid, no commission, discount or brokerage has been paid or other special terms granted within the two years preceding the date of this Prospectus or is payable to any Director, promoter, expert, proposed director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or any of our subsidiaries.

The Issue Manager or the Underwriter may at any time prior to the close of the Application List rescind the Management and Underwriting Agreement if there shall have been prior to or on the close of the Application List:-

(a) any breach of the warranties or undertakings in the Management and Underwriting Agreement; or

(b) any occurrence of certain specified events which comes to the knowledge of the Issue Manager or the Underwriter; or

(c) any material adverse change, or any development involving a prospective material adverse change, in the condition (financial or otherwise) of our Company or of our Group; or

(d) any introduction or prospective introduction of or any change or prospective change in any legislation, regulation, order, policy, rule, guideline or directive (whether or not having the force of law and including, without limitation, any directive or request issued by the Authority, the Securities Industry Council of Singapore or the SGX-ST) or in the interpretation or application thereof by any court, government body, regulatory authority or other competent authority; or

(e) any change, or any development involving a prospective change, in local, national or international, financial (including stock market, foreign exchange market, inter-bank market or interest rates or money market), political, industrial, economic, legal or monetary conditions, taxation or exchange controls (including without limitation, the imposition of any moratorium, suspension or material

restriction on trading in securities generally on the SGX-ST due to exceptional financial circumstances or otherwise, adverse changes in foreign exchange controls in Singapore or overseas, or any combination of any such changes or developments or crises, or any deterioration of any such conditions); or

(f) any imminent threat or occurrence of any local, national, regional or international outbreak or escalation of hostilities, insurrection, terrorist attacks or armed conflict (whether or not involving financial markets in any jurisdiction); or

(g) any regional or local outbreak of disease that may have an adverse effect on the financial markets; or

(h) any other occurrence of any nature whatsoever,

which has resulted or is in the reasonable opinion of the Issue Manager or the Underwriter likely to result in a material adverse fluctuation or material adverse conditions in the stock market in Singapore or overseas; or the success of the Invitation being materially prejudiced; or it becoming impracticable, inadvisable, inexpedient or not commercially viable or otherwise contrary to or outside the usual commercial customs or practices in Singapore for the Issue Manager or the Underwriter to observe or perform or be obliged to observe or perform the terms of the Management and Underwriting Agreement; or it being such that no reasonable underwriter would have entered into the Management and Underwriting Agreement; or the business, trading position, operations or prospects of our Group being materially and adversely affected.

The Issue Manager or the Underwriter may also terminate the Management and Underwriting Agreement if:-

(a) at any time up to the close of the Application List, a stop order shall have been issued by the Authority in accordance with Section 242 of the SFA; or

(b) at any time after the registration of this Prospectus with the Authority but before the close of the Application List, our Company fails and/or neglects to lodge a supplementary or replacement prospectus (as the case may be) if we become aware of:-

  (i) a false or misleading statement in this Prospectus;

  (ii) an omission from this Prospectus of any information that should have been included in it under Section 243 of the SFA; or

  (iii) a new circumstance that has arisen since this Prospectus was lodged with the Authority and would have been required by Section 243 of the SFA to be included in this Prospectus if it had arisen before this Prospectus was lodged,

  that is materially adverse from the point of view of an investor; or

(c) the New Shares have not been admitted to the Official List of the SGX Sesdaq on or before 13 December 2007 (or such other date as our Company and the Issue Manager and Underwriter may agree).

The Placement Agreement is conditional upon the Management and Underwriting Agreement not having been terminated or rescinded pursuant to the provisions of the Management and Underwriting Agreement, and may be terminated on the occurrence of certain events, including those specified above. In the event that the Management and Underwriting Agreement is terminated, our Company reserves the right, at the absolute discretion of our Directors, to cancel the Invitation.

Save as disclosed above, we do not have any material relationship with the Issue Manager, Underwriter and Placement Agent.

RISK FACTORS

Prospective investors should carefully consider and evaluate each of the following considerations and all other information set forth in this Prospectus before deciding to invest in our Shares. To the best of our Directors' knowledge and belief, all risk factors which are material to investors in making an informed judgement of our Group have been set out below. If any of the following considerations, uncertainties or material risks develop into actual events, our business, financial condition and/or results of operations could be materially and adversely affected. In such cases, the trading price of our Shares could decline and you may lose all or part of your investment in our Shares.

This Prospectus also contains forward-looking statements having direct and/or indirect implications on our future performance. Our actual results may differ materially from those anticipated by these forward-looking statements due to certain factors, including the risks and uncertainties faced by us, as described below and elsewhere in this Prospectus.

RISKS RELATING TO OUR BUSINESS

Fluctuations in aluminium prices may result in higher costs or lower sales prices, which may adversely affect our profitability

As a specialist supplier of a wide range of aluminium alloy products, we are affected by fluctuations in aluminium prices. The prices of aluminium fluctuate due to changes in market supply and demand, which is driven by factors such as global economic conditions and the production capacities of aluminium mills. The prices of aluminium, a commodity traded internationally, can be volatile. Any increase in aluminium prices will increase our cost of goods and our carrying cost in stocking aluminium alloy products. Further, as the purchase price for our supplies are committed at the point when we place our order, any increase in the delivery lead time of our suppliers will increase our exposure to fluctuations in aluminium prices. If we are not able to increase our selling prices in order to pass on the increase in our costs to our customers, our profitability will be adversely affected. In addition, in the event of an unexpected decline in the market price of our aluminium alloy products, we may have to sell our inventories at a lower price and our profitability will be adversely affected.

If we are unable to compete successfully against our existing and potential competitors, our business, financial condition and results of operations will be adversely affected

The aluminium alloy products business is highly competitive due to the low level of differentiation of aluminium alloy products. Our competitors may have greater resources, longer operating histories, bigger client base, wider range of products or are better entrenched in the markets that we operate in or intend to venture into. We may face price-cutting pressures from our competitors in their bid to maintain or expand their market share. If we are unable to respond with appropriate measures, our market share will decline and our profitability and financial performance will be adversely affected.

In addition, new competitors may enter the industry resulting in increased competition. There is no assurance that we will be able to obtain our aluminium alloy products on favourable terms and compete successfully in the future against our existing or potential competitors or that our business, financial condition and results of operations will not be adversely affected by increased competition.

Further, some of our suppliers and customers are large multinational and local companies with significant bargaining power in negotiating price, credit and other commercial terms. Depending on our relative negotiation strengths, we cannot ensure that we will be able to consistently maintain our gross profit margin. In the event that we are unable to maintain our gross profit margin, our financial performance will be adversely affected.

Please refer to the "Business" and "Competition" sections of this Prospectus for further information.

Our operating results may be affected by cyclical downturns in the various industries and/or countries to which we supply our aluminium alloy products

Our customers are located mainly in Singapore and Malaysia. Sales to Singapore and Malaysia accounted for 46.1% and 34.4% of our revenue in FY2006, respectively. We sell a wide range of aluminium alloy products to customers mainly in the marine and precision engineering industries, which accounted for 44.4% and 44.6% of our revenue in FY2006, respectively. Thus, the demand for our aluminium alloy products is dependent, to a large extent, on the level of spending in these industries in Singapore and Malaysia. Any decline in the businesses of these industries will have an adverse effect on our financial performance. In addition, an economic downturn in Singapore or Malaysia may also lead to a reduction in the demand for aluminium alloy products, and this would have an adverse impact on our revenue and profits.

We carry a high level of inventories, which, if not converted into sales, will affect our profitability

Our strategy of having a comprehensive range of readily available aluminium alloy products requires us to invest in and maintain a relatively high level of inventories. We currently carry over 1,200 different aluminium alloy products. Our customers' demands are difficult to predict and orders are not made in accordance with fixed or long-term contracts. As at 31 December 2006, our inventories amounted to $13.9 million and accounted for approximately 54.7% of our total current assets. In the event that we are unable to convert our inventories into sales with a satisfactory profit margin or if our financing costs for inventories increase, our profitability will be adversely affected.

Our revenue and financial performance will be adversely affected if our customers do not purchase or reduce their purchases from us

Our existing customers generally do not enter into long-term contracts with us for the purchase of aluminium alloy products. As such, there is no guarantee that they will continue to purchase aluminium alloy products from us after the initial orders are fulfilled or that the level of their orders will be maintained. Should our customers decide to purchase aluminium alloy products from other suppliers or reduce their orders to us, our revenue and financial performance will be adversely affected.

Our financial performance may be affected if we lose our major suppliers

We purchase a wide range of aluminium alloy products mainly from established international aluminium manufacturers. Our top two major suppliers, namely, Alcoa and Hulamin, accounted for an aggregate of 45.4% of our purchases in FY2006. We have been appointed as an authorised distributor by Alcoa and an approved stockist by Hulamin. The distributorship agreement with Alcoa is subject to renewal and periodic review. Our distributorship rights may also be lost, *inter alia,* if we fail to fulfil the minimum purchase requirements under the distributorship agreement. Our approved stockist status is also subject to review by Hulamin. Please refer to the "Our Sourcing Arrangements" section of this Prospectus for further information. The loss of our distributorships or approved stockist status without suitable replacements may have an adverse impact on our financial performance.

Our ability to deliver quality aluminium alloy products at competitive prices to our customers is dependent on our ability to obtain sufficient quantities of these products at competitive prices. As we generally do not have long-term supply contracts with our suppliers, there can be no assurance that we will continue to be able to obtain sufficient quantities of aluminium alloy products at competitive prices from our suppliers. In the event that our suppliers are unable to fulfil our orders due to work stoppages at their production facilities as a result of unforeseen circumstances such as labour disputes or riots, we may not be able to seek alternative sources of aluminium alloy products in a timely manner and we may be subject to higher costs from alternative suppliers. As a result, our sales and profitability will be adversely affected. In addition, any delay or disruption in delivery schedules of aluminium alloy products may adversely affect our financial performance.

We are exposed to foreign exchange rate fluctuations which may result in foreign exchange losses

Our purchases are mainly denominated in USD, which accounted for approximately 74.0%, 69.6%, 74.3% and 70.1% of our purchases in FY2004, FY2005, FY2006 and HY2007, respectively. Our revenue is mainly denominated in SGD, which accounted for approximately 84.2%, 82.3%, 85.2% and 74.0% of our revenue for FY2004, FY2005, FY2006 and HY2007, respectively.

To the extent that our revenue and purchases are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and the receipt of funds from our customers or payment to our suppliers, we are exposed to foreign exchange rate fluctuations which may result in foreign exchange losses that may adversely affect our financial results. Whilst we undertake hedging transactions (please refer to the "Foreign Exchange Management" section of this Prospectus for details), our hedging policy does not completely eliminate our exposure to foreign exchange rate fluctuations and we may incur foreign exchange losses in the event of adverse fluctuations.

As our reporting currency is in SGD, the accounts of our subsidiary in Malaysia will have to be translated to SGD for consolidation purposes. As such, we face translation risks in that any material fluctuation in the exchange rate of MYR against SGD may have an adverse effect on our consolidated results.

Please refer to the "Foreign Exchange Management" section of this Prospectus for further information.

Our business may be affected if our current banking facilities are withdrawn or if we are unable to obtain additional funding for our future growth

Apart from internal sources of funding, we rely on hire-purchase facilities, letters of credit and trust receipt facilities, bank overdrafts and term loans to finance our operations. Please refer to the "Capitalisation and Indebtedness" section of this Prospectus for details of our bank borrowings. If all or a substantial portion of our facilities are withdrawn and we are unable to secure alternative funding on acceptable commercial terms, our operations and financial position will be adversely affected.

Our interest expenses for the last three financial years ended 31 December 2006 were $0.6 million, $0.7 million and $1.0 million respectively. The interest rates for most of our facilities are subject to review from time to time by the relevant financial institutions. Given that we rely on these facilities to finance our business operations and that interest expenses represent a significant percentage of our expenses, any increase in the interest rates of the facilities extended to us may have a material adverse impact on our profitability.

In addition, we may need additional financing to fund our activities in the future. There is no assurance that we will be able to obtain additional financing on terms that are acceptable to us or at all. If we are unable to do so, our future plans and growth prospects may be adversely affected.

Additional debt financing may also include restrictive covenants that:-

(a) limit our ability to pay dividends or require us to seek consents from the relevant financial institutions for the payment of dividends;

(b) require us to maintain certain financial ratios, failing which repayment of the debt may be accelerated; and/or

(c) restrict our ability to undertake or require us to obtain consents from the relevant financial institutions for corporate restructuring, additional financing or other fund-raising exercises.

Our cash flow and financial performance will be affected if we are unable to collect our trade debts

We typically extend credit terms ranging from 30 to 90 days depending on the creditworthiness of our customers. Our trade receivables' turnover for FY2004, FY2005, FY2006 and HY2007 were approximately 79, 68, 82 and 103 days, respectively. We face uncertainties over the timeliness of our customers' payments and their ability to pay. Our customers' ability to pay may be affected by events or

circumstances that are difficult to foresee or anticipate, such as a decline in their business or an economic downturn. Hence, there can be no assurance that we will be able to collect our trade debts fully or within a reasonable period of time and this could adversely affect our cash flow and financial performance. We made provisions for impairment on trade receivables of $258,000 and $105,000 in FY2004 and FY2006, respectively. The amount of bad debts written off in FY2006 was $12,000. Please refer to the "Credit Policy and Management" section of this Prospectus for more details.

The loss of services of our key management personnel may adversely affect our operations

Our success to date has been largely due to the contributions of our Directors, Tony Tan, YH Tan and Sam Tan. They are assisted by a team of management personnel comprising our Executive Officers. Our continued success will be dependent, to a large extent, on our ability to retain the services of Tony Tan, YH Tan and Sam Tan, the commitment of our key management personnel and our ability to identify, recruit, train and retain qualified employees for technical, marketing and managerial positions. The loss of the services of Tony Tan, YH Tan and Sam Tan, or any of our key management personnel without suitable replacements may adversely affect our operations and future performance.

We may make acquisitions which could put a strain on our resources, cause ownership dilution to our Shareholders and adversely affect our financial performance

We may acquire businesses that complement our existing business. The entire acquisition process involving, *inter alia*, identifying suitable targets, negotiations and due diligence can put a strain on our resources and might not result in completion. Future acquisitions could also divert our management's attention from other business concerns and may expose our business to unforeseen liabilities or risks associated with entering new markets. We might also lose key employees while integrating with new organisations. Consequently, the acquired business may not be successfully integrated and we may not achieve the anticipated revenues and cost benefits. Future acquisitions could also result in lapses in customer service, potential dilutive issuance of equity securities or the incurrence of debt, contingent liabilities, possible impairment charges related to goodwill or other intangible assets or other unanticipated events or circumstances, any of which could adversely affect our business and financial performance.

We cannot give any assurance that our expansion plans will be successful

Our main operations are currently based in Singapore and we supply aluminium alloy products to customers locally and overseas. We intend to expand our physical presence, both locally and overseas, and the range of aluminium alloy products that we stock. Our expansion plans involve a number of risks, including but not limited to the cost of setting up overseas offices or subsidiaries, investment in fixed assets, costs of having working capital tied up in inventories, as well as other working capital requirements. The success of our expansion plans depends on many factors, some of which are not within our control. We may not be able to execute our expansion plans successfully, in which event our business, financial condition and results of operations may be adversely affected.

We are exposed to risk of loss from fire, theft and natural disasters

We face the risk of loss of or damage to our properties, machinery and inventories due to fire, theft and natural disasters. Such events may cause a disruption or cessation in our operations. In the event that such losses exceed the insurance coverage or is not covered by the insurance policies we have taken up, we may be liable for the shortfall. Our insurance premiums may also increase substantially because of such claims. In such circumstances, our financial results may be adversely affected. Please refer to the "Insurance" section of this Prospectus for more details.

Our revenue and profitability will be reduced should we be required to comply with the FIC guidelines in Malaysia

The FIC regulates and prescribes guidelines for the acquisition of assets, property transactions as well as acquisitions of interests, mergers and takeovers of local companies by foreign investors to ensure local equity participation. Generally, equity conditions imposed by the FIC are that companies which do not have any Bumiputera equity or having less than 30% Bumiputera equity are required to increase the Bumiputera equity to at least 30%. The remaining equity shareholding can be held either by local

interest, foreign interest or by both. The FIC guidelines do not have the force of law and there is no penalty prescribed for non-compliance with the FIC guidelines or non-compliance with conditions imposed by the FIC. Nevertheless, non-compliance with the FIC guidelines or non-compliance with conditions imposed by the FIC may result in a company facing difficulties in the event that the company needs to apply for any special licences from any government agency or for any employment pass from the relevant authority.

We have not sought nor do we intend to seek the approval of the FIC in respect of our shareholding in SLH Malaysia as the prevailing judicial opinion in Malaysia is that the FIC guidelines do not have the force of law, no penalties are imposed for non-compliance and there is no specific time frame provided for any party to apply to FIC for approval. In the event that we shall, at any time in the future, be forced by change of policy, laws or regulations to comply with the FIC guidelines, we may have to dilute our shareholding in SLH Malaysia and divest the requisite shareholding percentages within the time stipulated by the FIC. In such an event, the contribution of SLH Malaysia to our business would be unfavourably affected, thereby reducing our revenue and profits. As an illustration, should we be required to divest 30% of our equity interest in SLH Malaysia, our combined profit for the year for FY2004, FY2005, FY2006 and HY2007 would be reduced by approximately $3,000, $5,000, $26,000 and $23,000 respectively. Further, the management and operations of SLH Malaysia may be disrupted if the other shareholder(s) of SLH Malaysia do not agree with our business plans.

We could be adversely affected by changes in government policies, regulations, legal system and foreign exchange control policy in countries where we operate or where our customers are situated

Currently, we have operations in Singapore and Malaysia and our customers are from various industries located in more than 15 countries. Any changes in policies by the governments in these countries may lead to changes in laws and regulations or the interpretation thereof, as well as changes in foreign ownership restrictions, currency control policies, import and export restrictions and taxation policies. These changes may have a significant adverse impact on our operations, financial position and/or performance.

We may be adversely affected by the outbreak of communicable diseases

An outbreak of infectious diseases in Singapore or Malaysia where our operations are substantially based may have an adverse impact on our operations and our financial performance. Consumer sentiment and spending could be affected and may lead to a deterioration of economic conditions. Further, in the event that our employees or those of our suppliers or customers are infected or suspected of being infected with any communicable diseases, we or our suppliers or customers may be required by health authorities to temporarily shut down the affected offices or manufacturing facilities and quarantine the employee to prevent the spread of the disease. This may have an adverse impact on our business and financial performance.

RISKS RELATING TO OWNERSHIP OF OUR SHARES

Our Directors, Substantial Shareholders and their Associates will retain significant control over our Group after the Invitation, which will allow them to influence the outcome of matters submitted to Shareholders for approval

Upon completion of the Invitation, our Directors, Substantial Shareholder and their Associates will beneficially own in aggregate approximately 72.5% of the issued share capital of our Company. As a result, these persons, if they act together, will be able to exercise significant influence over matters requiring Shareholders' approval, including the election of Directors and approval of significant corporate transactions, and will have veto power with respect to any Shareholders' action or approval requiring a majority vote. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Group or otherwise discouraging a potential acquiror from attempting to obtain control of us.

New investors will suffer immediate dilution

Our Issue Price of 21.0 cents per Share is higher than our Adjusted NTA per Share of 10.5 cents (adjusted for the net proceeds from the Invitation). Investors who subscribe for the New Shares will therefore experience immediate dilution in the value of their Shares (please refer to the "Dilution" section of this Prospectus for more details).

Investors may not be able to participate in future issues of our Shares

In the event that we issue new Shares, we will be under no obligation to offer those Shares to our existing Shareholders at the time of issue, except where we elect to conduct a rights issue. However, in electing to conduct a rights issue or certain other equity issues, we may be subject to regulations as to the procedure to be followed in making such rights offering available to our existing Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to them. In addition, we may not offer such rights to our existing Shareholders having an address in jurisdictions outside Singapore.

Accordingly, holders of our Shares may be unable to participate in future offerings of our Shares and may experience dilution of their shareholdings as such.

Any substantial future sale of our Shares by our Controlling Shareholder could adversely affect our Share price

The sale of a significant amount of our Shares in the public market after the Invitation, or the perception that such sales may occur could materially adversely affect the market price of our Shares. These factors also affect our ability to issue additional equity securities. Except as otherwise described under the "Moratorium" section of this Prospectus, there is currently no other restriction on the ability of our Controlling Shareholder to sell its Shares.

Our Share price may be volatile, which could result in substantial losses for investors who subscribe for Shares pursuant to this Invitation

The Issue Price was arrived at after consultation between our Company and the Issue Manager and after taking into consideration, *inter alia,* prevailing market conditions and estimated market demand for the New Shares. The Issue Price may not be indicative of prices which will prevail in the trading market after the Invitation and investors may not be able to resell their Shares at or above the Issue Price. Further, the market price of our Shares may fluctuate significantly and rapidly in response to, *inter alia*, the following factors, some of which are beyond our control:-

(a) variations in our operating results;

(b) changes in securities analysts' estimates of our financial performance;

(c) changes in market valuations of similar companies;

(d) announcements by our competitors or ourselves of gain or loss of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;

(e) fluctuations in stock market price and volume;

(f) our involvement in material litigation;

(g) changes in general economic and stock market conditions; and

(h) additions or departures of key personnel.

Negative publicity, including those relating to any of our Directors, Controlling Shareholder and Executive Officers may adversely affect our Share price

Any negative publicity or announcements relating to any of our Directors, Controlling Shareholder and Executive Officers may adversely affect the public's perception of our Group, whether or not this is justifiable, thereby adversely affecting our Share price.

INVITATION STATISTICS

ISSUE PRICE	21.0 cents
NET TANGIBLE ASSETS	
Adjusted NTA per Share based on the unaudited combined financial position of our Group as at 30 June 2007:-	
(a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on the pre-Invitation share capital of 81,000,000 Shares	8.9 cents
(b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on the post-Invitation share capital of 108,000,000 Shares	10.5 cents
Premium of Issue Price over the Adjusted NTA per Share:-	
(a) before adjusting for the estimated net proceeds from the issue of the New Shares and based on the pre-Invitation share capital of 81,000,000 Shares	136.0%
(b) after adjusting for the estimated net proceeds from the issue of the New Shares and based on the post-Invitation share capital of 108,000,000 Shares	100.0%
EARNINGS	
Historical net EPS based on the audited combined financial results of our Group for FY2006 and the pre-Invitation share capital of 81,000,000 Shares	4.0 cents
Historical net EPS based on the audited combined financial results of our Group for FY2006 (assuming the Service Agreements had been effected since 1 January 2006) and the pre-Invitation share capital of 81,000,000 Shares	3.7 cents
PRICE EARNINGS RATIO	
Historical PER based on the historical net EPS of our Group for FY2006 and the pre-Invitation share capital of 81,000,000 Shares	5.2 times
Historical PER based on the historical net EPS of our Group for FY2006 (assuming the Service Agreements had been effected since 1 January 2006) and the pre-Invitation share capital of 81,000,000 Shares	5.7 times
NET OPERATING CASH FLOW [(1)]	
Historical net operating cash flow per Share of our Group for FY2006 based on the pre-Invitation share capital of 81,000,000 Shares	4.6 cents
Historical net operating cash flow per Share of our Group for FY2006 (assuming the Service Agreements had been effected since 1 January 2006) and based on the pre-Invitation share capital of 81,000,000 Shares	4.2 cents

PRICE TO NET OPERATING CASH FLOW

Ratio of Issue Price to historical net operating cash flow per Share of our Group for FY2006 based on the pre-Invitation share capital of 81,000,000 Shares	4.6 times
Ratio of Issue Price to historical net operating cash flow per Share of our Group for FY2006 (assuming the Service Agreements had been effected since 1 January 2006) and based on the pre-Invitation share capital of 81,000,000 Shares	5.0 times

MARKET CAPITALISATION

Market capitalisation based on Issue Price and post-Invitation share capital of 108,000,000 Shares	$22.7 million

Note:-

(1) Net operating cash flow is defined as profit for the year with depreciation expenses added back.

DILUTION

Dilution is the amount by which the Issue Price to be paid by the applicants for our New Shares in the Invitation ("New Investors") exceeds our NAV per Share immediately after the Invitation.

The NAV per Share as at 30 June 2007, adjusted for the Restructuring Exercise and the Sub-division but before adjusting for the estimated net proceeds from the Invitation and based on the pre-Invitation share capital of 81,000,000 Shares, was 8.9 cents. Based on the issue of 27,000,000 New Shares at the Issue Price pursuant to the Invitation and after adjusting for the estimated net proceeds from the Invitation and based on the post-Invitation share capital of 108,000,000 Shares, our NAV would have been 10.5 cents. This represents an immediate increase in NAV per Share of 1.6 cents to our existing Shareholders and an immediate dilution in NAV per Share of 10.5 cents (or approximately 100%) to our New Investors. The following table illustrates such dilution on a per Share basis:-

	Cents
Issue Price	21.0
NAV per Share as at 30 June 2007, adjusted for the Restructuring Exercise and the Sub-division	8.9
Increase in NAV per Share contributed by New Investors pursuant to the Invitation	1.6
NAV per Share after the Invitation	10.5
Dilution in NAV per Share to New Investors	10.5

The following table summarises the total number of Shares acquired by our Directors and Substantial Shareholder (adjusted for the Sub-division) during the period of three years prior to the date of this Prospectus, the total consideration paid by them and the effective cash cost per Share to them, and to the New Investors pursuant to the Invitation:-

	Number of Shares acquired	**Total consideration ($)**	**Effective cash cost per Share (cents)**
Directors			
Tony Tan	2,025,000[(1)]	154,725	7.6
YH Tan	2,025,000[(1)]	154,725	7.6
Sam Tan	2,025,000[(1)]	154,725	7.6
Substantial Shareholder			
Soon Tien Holdings	72,900,000	5,570,101	7.6
New Investors	27,000,000	5,670,000	21.0

Note:-

(1) This has not taken into account the sale of Shares to four of our employees, namely Ng Kim Ying, Edward Chow, Tan Lay Peng and Chong Yong Wei @ Chong Chai Hing. For further details on the sale of Shares, please refer to the "Shareholders" section of this Prospectus.

SELECTED COMBINED FINANCIAL INFORMATION

The following selected financial information should be read in conjunction with the full text of this Prospectus, including the "Independent Auditors' Report on the Audited Combined Financial Statements of Soon Lian Holdings Limited" as set out in Appendix A and the "Independent Auditors' Review Report on the Unaudited Combined Financial Statements of Soon Lian Holdings Limited" as set out in Appendix B of this Prospectus.

OPERATING RESULTS OF OUR GROUP[1]

	← Audited →			← Unaudited →	
($'000)	**FY2004**	**FY2005**	**FY2006**	**HY2006**	**HY2007**
Revenue	**16,151**	**22,891**	**31,011**	**14,688**	**19,755**
Cost of sales	(11,271)	(17,732)	(23,132)	(10,960)	(14,170)
Gross profit	4,880	5,159	7,879	3,728	5,585
Financial income	70	173	566	150	44
Financial expense	(809)	(711)	(1,261)	(428)	(683)
Distribution costs	(249)	(394)	(446)	(243)	(266)
Administrative expenses	(1,988)	(2,374)	(2,558)	(1,132)	(1,397)
Other credits/(charges)	30	(1)	(7)	(7)	(10)
Profit before tax	**1,934**	**1,852**	**4,173[4]**	**2,068**	**3,273**
Income tax expense	(491)	(410)	(919)	(455)	(569)
Profit for the year / period	**1,443**	**1,442**	**3,254[4]**	**1,613**	**2,704**
Pre-Invitation EPS (cents)[2]	**1.8**	**1.8**	**4.0**	**2.0**	**3.3**
Post-Invitation EPS (cents)[3]	**1.3**	**1.3**	**3.0**	**1.5**	**2.5**

Notes: -

(1) The combined operating results of our Group for the periods under review have been prepared on the basis that our Group has been in existence throughout the periods under review.

(2) For comparative purposes, the pre-Invitation EPS for the periods under review have been computed based on the profit for the year/period and the pre-Invitation share capital of 81,000,000 Shares.

(3) For comparative purposes, the post-Invitation EPS for the periods under review have been computed based on the profit for the year/period and the post-Invitation share capital of 108,000,000 Shares.

(4) Had the Service Agreements been in place since the beginning of FY2006, the profit for the year for FY2006 would have been $3.0 million and the pre-Invitation EPS and post-Invitation EPS would have been 3.7 cents and 2.8 cents respectively.

COMBINED FINANCIAL POSITION OF OUR GROUP[1]

($'000)	Audited As at 31 December 2006	Unaudited As at 30 June 2007
ASSETS		
Current assets:		
Cash and cash equivalents	501	1,220
Trade and other receivables	10,982	13,610
Inventories	13,853	18,042
Total current assets	25,336	32,872
Non-current assets:		
Property, plant and equipment	8,045	7,994
Total non-current assets	8,045	7,994
Total assets	33,381	40,866
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings	3,403	4,979
Trade and other payables	15,884	20,916
Current tax payable	975	1,206
Current portion of long-term borrowings	636	558
Current portion of finance leases	198	146
Total current liabilities	21,096	27,805
Non-current liabilities:		
Deferred tax liabilities	260	268
Long-term borrowings	3,819	3,584
Finance leases	92	32
Total non-current liabilities	4,171	3,884
Total liabilities	25,267	31,689
Shareholders' equity	8,114	9,177
Total liabilities and equity	33,381	40,866
NTA per share (cents)[2]	10.0	11.3

Notes:-

(1) The combined financial position of our Group as at 31 December 2006 and 30 June 2007 have been prepared on the basis that our Group was in existence on these dates.

(2) The NTA per share as at 31 December 2006 and 30 June 2007 have been computed based on our pre-Invitation share capital of 81,000,000 Shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion of our results of our operations and financial condition should be read in conjunction with the "Independent Auditor's Report on the Audited Combined Financial Statements of Soon Lian Holdings Limited" and the "Independent Auditors' Review Report on the Unaudited Combined Financial Statements of Soon Lian Holdings Limited" as set out in Appendices A and B of this Prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in the "Risk Factors" section of this Prospectus. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Issue Manager, the Underwriter or the Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Please refer to the "Cautionery Note Regarding Forward-Looking Statements" section of this Prospectus.

OVERVIEW

We are a specialist supplier of over 1,200 different aluminium alloy products in various specifications focusing on the requirements of customers in the marine and precision engineering industries. Our sales to customers in the marine and precision engineering industries accounted for 89.0% and 88.3% of our revenue in FY2006 and HY2007, respectively. We also supply aluminium alloy products to other aluminium stockists and traders and customers in other industries. We source our inventories mainly from established manufacturers in the USA, South Africa, Singapore, India, Canada and PRC. As part of our customisation services, we employ a CNC underwater plasma cutting system and CNC high precision saws to cut the aluminium alloy products according to the dimensional specifications required by our customers. Please refer to the "Business" section of this Prospectus for further details on our business.

Revenue

We derive our revenue mainly from the sale of aluminium alloy products to our customers. Our revenue can be broadly classified into the following business segments, based on the industry in which our customers operate:-

(i) Marine

Revenue from customers from the marine industry accounted for 27.2%, 37.5%, 44.4% and 55.5% of our revenue for FY2004, FY2005, FY2006 and HY2007, respectively. Our customers in this segment are mainly involved in the building of boats such as catamarans, pleasure crafts, crew boats, rescue boats and patrol boats. Some of these vessels are used in the offshore oil and gas industry.

(ii) Precision engineering

Revenue from customers from the precision engineering industry accounted for 55.0%, 48.4%, 44.6% and 32.8% of our revenue for FY2004, FY2005, FY2006 and HY2007, respectively. Our customers in this segment are mainly manufacturers of components and parts that are assembled into precision instruments and equipment for semiconductor and automated assembly lines.

(iii) Stockists and traders

Revenue from stockists and traders accounted for 9.6%, 7.2%, 4.9% and 7.8% of our revenue for FY2004, FY2005, FY2006 and HY2007, respectively. Our customers in this segment include other aluminium stockists and general traders who buy in smaller quantities to meet the needs of their customers.

(iv) Others

Others comprised revenue from other customers including customers mainly from the construction industry as well as sundry income mainly from the sale of scrap materials and rental income from third parties. Others accounted for 8.2%, 6.9%, 6.1% and 3.9% of our revenue for FY2004, FY2005, FY2006 and HY2007, respectively.

We recognise revenue upon the delivery of our aluminium alloy products to our customers. Our revenue is mainly denominated in Singapore dollars which accounted for 84.2%, 82.3%, 85.2% and 74.0% of our revenue for FY2004, FY2005, FY2006 and HY2007, respectively.

Our main geographical markets are Singapore and Malaysia which, in aggregate, accounted for 79.5%, 81.0%, 80.5% and 66.3% of our total revenue for FY2004, FY2005, FY2006 and HY2007, respectively. Please refer to the "Review of Operating Results" section of this Prospectus for a breakdown of our revenue by business segments and geographical markets for the last three financial years ended 31 December 2006 and for the six months ended 30 June 2007.

The main factors affecting our revenue include the following:-

(i) the general economic conditions of the geographical markets that we sell to;

(ii) the general state of the industries that we supply to, in particular the marine and precision engineering industries;

(iii) our ability to remain competitive relative to our existing competitors and new market entrants, in terms of the quality of products supplied and services provided, the price, product range and delivery capability; and

(iv) our ability to successfully expand into overseas markets such as Malaysia, Indonesia, Vietnam and the Middle Eastern countries. Please refer to the "Business Strategies and Future Plans" section of this Prospectus for further details of our overseas expansion plans.

The above should be read in conjunction with the "Risk Factors" section of this Prospectus.

Cost of Sales

We source a wide range of aluminium alloy products from over 100 suppliers. We are the authorised distributor of producers of aluminium alloy products such as Alcoa, Alcan, Elval, Merrem, LB Aluminium and PT Sri Indah and are an approved stockist for Hulamin. Our suppliers are mainly manufacturers located in the USA, South Africa, Singapore, India, Canada and PRC. Our cost of sales comprises mainly cost of aluminium alloy products and direct expenses, such as direct labour expenses, depreciation of machinery and factory overheads. In particular, cost of aluminium alloy products sold constituted more than 90% of our total cost of sales for the last three financial years ended 31 December 2006 and for the six months ended 30 June 2007.

The main factors affecting our cost of sales include the following:-

(i) the price of aluminium which is an internationally traded commodity;

(ii) the premium charged by our suppliers which is dependent on the capacity of their mills; and

(iii) the fluctuations in foreign exchange rate between US$ and S$. Our US$ purchases constituted approximately 74.3% and 70.1% of our total purchases in FY2006 and HY2007, respectively, and any appreciation in US$ against S$ would increase our cost of aluminium alloy products and thereby increase our cost of sales.

Financial income

Our financial income relates mainly to recovery of bad debts and gains on foreign exchange. Gains on foreign exchange accounted for 80.0%, 42.2%, 100.0% and 75.0% of financial income in FY2004, FY2005, FY2006 and HY2007, respectively.

Financial expense

Our financial expense includes interest charges on finance leases and bank borrowings, provision for impairment of receivables, bad debts written off and fair value adjustments for forward contracts. Interest charges accounted for 68.1%, 100.0%, 77.6% and 100.0% of financial expense in FY2004, FY2005, FY2006 and HY2007, respectively. Our financial expense was 5.0%, 3.1%, 4.1% and 3.5% of revenue in FY2004, FY2005, FY2006 and HY2007, respectively.

Distribution costs

Distribution costs include advertisement costs, commission expenses paid to our sales agents in Pakistan, Sri Lanka and South Korea, and entertainment, exhibition and travelling expenses. Our distribution costs were 1.5%, 1.7%, 1.4% and 1.3% of revenue in FY2004, FY2005, FY2006 and HY2007, respectively.

Administrative expenses

Administrative expenses consist mainly of staff-related expenses (including remuneration of directors and administrative staff), premises-related expenses (such as property tax, rental of warehouse, utility charges), depreciation charges on freehold and leasehold properties and office equipment and other miscellaneous expenses (including but not limited to insurance premium, legal and professional fees and upkeep of motor vehicles). Our administrative expenses were 12.3%, 10.4%, 8.2% and 7.1% of revenue in FY2004, FY2005, FY2006 and HY2007, respectively.

Other charges/credits

Other charges/credits comprise mainly losses and gains on disposal of plant and equipment.

Income tax expense

During the periods under review, our provision for income tax was made on income derived from our Singapore and Malaysia operations.

Our subsidiaries, SLH and SLH Malaysia, are taxed in accordance with the respective prevailing income tax rates of the countries in which they were incorporated. Deferred income tax is provided on all temporary differences arising from the tax bases of assets and liabilities and their carrying amounts in the financial statements. The corporate income tax rate in Singapore was 20% for FY2004, FY2005 and FY2006 and 18% for HY2007. Our subsidiary in Malaysia, SLH Malaysia, has a paid up capital of less than MYR2.5 million. Under the Income Tax Law of Malaysia, profits of companies with paid up capital of less than MYR2.5 million, are subject to a corporate tax rate of 20% for the first MYR0.5 million of profits. Profits in excess of the MYR0.5 million are subject to a flat corporate tax rate of 28%.

Our Group's overall effective tax rates for the periods under review were as follows:-

	FY2004	**FY2005**	**FY2006**	**HY2007**
Income tax expense ($'000)	491	410	919	569
PBT ($'000)	1,934	1,852	4,173	3,273
Effective tax rate	25.4%	22.1%	22.0%	17.4%

In FY2004, FY2005, FY2006 and HY2007, our provision for income tax was made on income derived from our Singapore and Malaysia operations, with Singapore operations contributing more than 95% of the income tax expense and PBT during the periods under review. Our effective tax rates for FY2004, FY2005 and FY2006 were higher than the statutory tax rate in Singapore in the respective periods due mainly to certain expenses not being deductible for tax purposes. Our effective tax rate for HY2007 was lower than the statutory tax rate in Singapore due mainly to the first $0.2 million of profits of our Singapore operations qualifying for partial exemption.

INFLATION

For the periods under review, the performance of our Group had not been materially impacted by inflation.

CHANGES IN ACCOUNTING POLICIES

There has been no change in our accounting policies during the periods under review.

REVIEW OF OPERATING RESULTS

For the purpose of discussion, we have segmented our revenue and gross profit by industry and geographical markets for the periods under review. The following review of past performance should be read in conjunction with the "Independent Auditor's Report on the Audited Combined Financial Statements of Soon Lian Holdings Limited" and the related notes set out in Appendix A and the "Independent Auditors' Review Report on the Unaudited Combined Financial Statements of Soon Lian Holdings Limited" and the related notes set out in Appendix B of this Prospectus.

Review of Past Performance by Industry

The breakdown of our revenue and gross profit by customer types are as follows:-

Revenue

	FY2004		FY2005		FY2006		HY2006		HY2007	
	($'000)	(%)	($'000)	(%)	($'000)	(%)	($'000)	(%)	($'000)	(%)
Marine	4,387	27.2	8,594	37.5	13,762	44.4	5,933	40.4	10,959	55.5
Precision engineering	8,889	55.0	11,089	48.4	13,831	44.6	7,060	48.1	6,483	32.8
Stockists and traders	1,548	9.6	1,647	7.2	1,528	4.9	861	5.9	1,535	7.8
Other customers	1,327	8.2	1,561	6.9	1,890	6.1	834	5.6	778	3.9
Total	16,151	100.0	22,891	100.0	31,011	100.0	14,688	100.0	19,755	100.0

Gross profit

	FY2004		FY2005		FY2006		HY2006		HY2007	
	($'000)	(%)	($'000)	(%)	($'000)	(%)	($'000)	(%)	($'000)	(%)
Marine	1,170	24.0	1,864	36.1	3,461	43.9	1,555	41.7	3,017	54.0
Precision engineering	2,784	57.0	2,337	45.3	3,453	43.8	1,691	45.4	1,976	35.4
Stockists and traders	373	7.6	398	7.7	332	4.2	142	3.8	350	6.3
Other customers	553	11.4	560	10.9	633	8.1	340	9.1	242	4.3
Total	4,880	100.0	5,159	100.0	7,879	100.0	3,728	100.0	5,585	100.0

Review of Past Performance by Geographical Market

Our segmental revenue by geographical market is based on the billing addresses of our customers. The breakdown of our revenue and gross profit are as follows:-

Revenue

	FY2004		FY2005		FY2006		HY2006		HY2007	
	($'000)	(%)	($'000)	(%)	($'000)	(%)	($'000)	(%)	($'000)	(%)
Singapore	8,755	54.2	11,921	52.1	14,280	46.1	7,239	49.3	7,383	37.4
Malaysia	4,083	25.3	6,614	28.9	10,678	34.4	4,583	31.2	5,710	28.9
Indonesia	262	1.6	592	2.6	1,585	5.1	448	3.0	1,501	7.6
Philippines	914	5.7	1,150	5.0	112	0.4	71	0.5	1,423	7.2
Other countries[(1)]	2,137	13.2	2,614	11.4	4,356	14.0	2,347	16.0	3,738	18.9
Total	16,151	100.0	22,891	100.0	31,011	100.0	14,688	100.0	19,755	100.0

Gross profit

	FY2004		FY2005		FY2006		HY2006		HY2007	
	($'000)	(%)	($'000)	(%)	($'000)	(%)	($'000)	(%)	($'000)	(%)
Singapore	2,915	59.7	2,740	53.1	3,429	43.5	1,713	45.9	1,969	35.3
Malaysia	1,085	22.2	1,361	26.4	3,006	38.2	1,354	36.3	1,833	32.8
Indonesia	68	1.4	139	2.7	332	4.2	91	2.4	416	7.4
Philippines	221	4.5	198	3.8	29	0.4	18	0.5	297	5.3
Other countries[(1)]	591	12.2	721	14.0	1,083	13.7	552	14.9	1,070	19.2
Total	4,880	100.0	5,159	100.0	7,879	100.0	3,728	100.0	5,585	100.0

Note:-

(1) Other countries comprised Australia, Bangladesh, Brunei, Hong Kong, Taiwan, PRC, India, Japan, South Korea, Myanmar, Pakistan, Sri Lanka, Thailand, UK, USA, UAE and Vietnam. None of these countries accounted for more than 5% of our revenue or gross profit.

FY2004 vs FY2005

Revenue

Revenue increased by $6.7 million or 41.7% from $16.2 million in FY2004 to $22.9 million in FY2005. The increase was attributed to increases of 25.0% in sales volume and 14.1% in average unit selling price. Our overall average unit selling price for all segments increased in line with the increase in aluminium alloy product prices quoted by our suppliers.

Our results for the various industries and geographical markets reflected our strategy of capitalising on the rapidly growing marine industry, expanding our customer base and geographically diversifying our revenue sources.

Revenue from the marine industry increased by $4.2 million or 95.9% from $4.4 million in FY2004 to $8.6 million in FY2005. Sales to the marine industry increased due to the increase in the shipbuilding activities of our customers in both our key markets in Singapore and Malaysia. In particular, we managed to secure more orders from our major customer, NGV Tech Sdn Bhd, with whom we started our working relationship in October 2004. Sales to repeat customers increased by $3.1 million while sales to new customers amounted to $1.1 million. Revenue from the marine industry as a percentage of our total revenue increased from 27.2% in FY2004 to 37.5% in FY2005, reflecting our strategy of focusing on the rapidly growing marine industry.

Revenue from the precision engineering segment increased by $2.2 million or 24.7% from $8.9 million in FY2004 to $11.1 million in FY2005. This was attributed primarily to the stronger demand from our new customers, particularly those from the electronics and automation industries in Singapore as they experienced an increase in demand for their products. Sales to repeat customers increased by $0.9 million while sales to new customers amounted to $1.3 million. However, revenue from the precision engineering segment as a percentage of our total revenue decreased from 55.0% in FY2004 to 48.4% in FY2005.

Revenue from our stockists and traders segment increased by $0.1 million or 6.4% from $1.5 million in FY2004 to $1.6 million in FY2005 due mainly to an increase in sales to overseas customers partially offset by a decrease in sales to local customers. The increase in revenue of $0.2 million or 17.6% from other customers was due mainly to an increase in sales to our local customers.

Our revenue from all geographical segments increased in FY2005. Revenue from Singapore increased by $3.2 million or 36.2% in FY2005 due mainly to the increase in sales to our marine and precision engineering customers. However, Singapore's contribution to our total revenue decreased from 54.2% in FY2004 to 52.1% in FY2005. Revenue from Malaysia increased by $2.5 million or 62.0% due mainly to the increase in sales to customers in the marine industry. Consequently, Malaysia's contribution to our total revenue increased from 25.3% in FY2004 to 28.9% in FY2005. Revenue from Indonesia increased by $0.3 million or 126.0% due to an increase in sales to customers in the precision engineering industry and stockists and traders with whom we established contacts through our participation in exhibitions in Indonesia in FY2005. Indonesia's contribution to our total revenue increased from 1.6% in FY2004 to 2.6% in FY2005. The increase in revenue from Philippines of $0.2 million or 25.8% was due mainly to an increase in orders from one of our major customers, FBMA Marine Inc. Revenue from other countries increased by $0.5 million or 22.3% due mainly to more orders secured from existing customers in Pakistan and both existing and new customers in Hong Kong, Taiwan and PRC.

Gross profit

Our gross profit increased by $0.3 million or 5.7% from $4.9 million in FY2004 to $5.2 million in FY2005 as a result of the higher revenue in FY2005. However, our gross profit margin decreased from 30.2% in FY2004 to 22.5% in FY2005 as the 14.1% increase in our average unit selling price was offset by a 25.9% increase in our average unit cost of sales (defined as total cost of sales divided by the sales volume). The increase in our average unit cost of sales was due mainly to higher cost of aluminium alloy products, which reflected the stronger global demand for aluminium alloy products driven by higher competing demand from the aerospace, commercial transportation, automotive and construction industries as a result of improvement in economic conditions.

Gross profit from the marine segment increased by $0.7 million or 59.3% from $1.2 million in FY2004 to $1.9 million in FY2005 due mainly to the increase in revenue. However, our gross profit margin for the marine segment decreased from 26.7% in FY2004 to 21.7% in FY2005. Gross profit from the precision engineering segment decreased by $0.5 million or 16.1% from $2.8 million in FY2004 to $2.3 million in FY2005 despite the increase in revenue due to the decline in gross profit margin from 31.3% to 21.1% in the same period. Gross profit from other customers remained constant at $0.6 million for both FY2004 and FY2005 despite the increase in revenue as gross profit margin for this segment decreased from 41.7% to 35.9%. Our gross profit margins for these three business segments declined as only part of the increase in the cost of aluminium alloy products was passed to our customers, generally in keeping with our strategy of maintaining our price competitiveness and expanding our customer base in these segments.

Gross profit from the stockists and traders segment increased by $25,000 or 6.7% from $373,000 in FY2004 to $398,000 in FY2005 in line with the increase in revenue. We were able to maintain gross profit margin at about 24.1% despite the higher cost of aluminium alloy products due to the higher revenue contribution from overseas customers from whom we were able to secure relatively higher gross profit margin.

Financial income

Financial income increased by $0.1 million in FY2005 due mainly to the recovery of bad debts provided for in previous years.

Financial expense

Financial expense decreased by $0.1 million due mainly to the decrease in provision for impairment of receivables which partially offset the increase in interest expense. In FY2004, we made a provision of $0.3 million for impairment of trade receivables. We did not have such provision in FY2005. Our interest expense increased by $0.2 million in FY2005 due to an increase in the utilisation of our trade financing facilities to finance the increase in our purchases, as well as the increase in our interest rates related to such trade financing facilities. The interest rates for trade financing facilities increased from between 3.0% and 6.0% in FY2004 to between 4.3% and 6.8% in FY2005.

Distribution costs

Our distribution costs increased by $0.1 million in FY2005 due mainly to an increase in exhibition expenses as we intensified our regional marketing efforts by actively participating in exhibitions for the precision engineering industry, as well as an increase in commission expenses paid to our sales agents. The number of exhibitions we participated in increased from three in FY2004 to nine in FY2005.

Administrative expenses

Our administrative expenses increased by $0.4 million in FY2005 due mainly to:-

(i) an increase in payroll expenses of $0.1 million resulting mainly from the increase in the number of sales and marketing staff in FY2005 to support the increase in our business activities;

(ii) higher depreciation charges of $0.1 million for motor vehicles acquired in FY2005; and

(iii) an increase in legal and professional fees of $0.2 million related to fees incurred to prepare our Group for listing.

Other charges/credits

The other credits of $30,000 and other charges of $1,000 in FY2004 and FY2005 respectively related to the gain and loss on disposal of plant and equipment in the respective years.

Profit before tax

Our PBT decreased by $0.1 million in FY2005 despite the increase in revenue due mainly to the decrease in gross profit margin, as well as the increase in the administrative expenses.

FY2005 vs FY2006

Revenue

Our revenue increased by $8.1 million or 35.5% from $22.9 million in FY2005 to $31.0 million in FY2006. The increase was attributable to a 22.1% increase in sales volume and an 11.7% increase in average unit selling price. Our overall average unit selling price increased for all our business segments in tandem with the continued strengthening of the aluminium alloy product prices in the global market.

Our results for the various industries and geographical markets were in line with our strategy of capitalising on the rapidly growing marine industry and geographically diversifying our revenue sources.

Our revenue from the marine industry grew by $5.2 million or 60.1% from $8.6 million in FY2005 to $13.8 million in FY2006 due mainly to an increase in shipbuilding activities of our customers, in particular, Penguin Shipyard International Pte Ltd and NGV Tech Sdn Bhd, in both our key markets in Singapore and Malaysia. Sales to repeat customers increased by $1.9 million to $10.4 million in FY2006. We also managed to secure more orders from new customers in the marine industry in Indonesia and UAE through our active participation in exhibitions in these two countries. Sales to new customers amounted to $3.3 million in FY2006. Revenue from the marine industry as a percentage of our total revenue increased from 37.5% in FY2005 to 44.4% in FY2006 as we continued to capitalise on the sustained growth of the marine industry in Asia and the Middle East.

Our revenue from the precision engineering segment increased by $2.7 million or 24.7% from $11.1 million in FY2005 to $13.8 million in FY2006 as we managed to secure more orders from new customers in Singapore, Malaysia, Thailand and Vietnam. Sales to new customers amounted to $2.6 million. Revenue from the precision engineering segment as a percentage of our total revenue decreased from 48.4% in FY2005 to 44.6% in FY2006.

Revenue from stockists and traders decreased by $0.1 million or 7.2% from $1.6 million in FY2005 to $1.5 million in FY2006 as we focused on satisfying the requirements of our customers from the marine and precision engineering industries. Our revenue from other customers grew by $0.3 million or 21.1% from $1.6 million in FY2005 to $1.9 million in FY2006 due mainly to increased demand from both our existing and new customers. Sales to new customers amounted to $0.2 million.

Our revenue from all geographical segments, except for Philippines, increased in FY2006 as we continued to intensify our marketing efforts by participating in trade exhibitions in the region. The increase in revenue of $2.4 million from Singapore and $4.1 million from Malaysia was due mainly to the increase in sales to our customers in the marine and precision engineering industries. Malaysia's contribution to our total revenue increased from 28.9% in FY2005 to 34.4% in FY2006. Revenue from Indonesia increased by $1.0 million as we managed to secure orders from new customers in the marine industry. Indonesia's contribution to our total revenue increased from 2.6% in FY2005 to 5.1% in FY2006. Revenue from other countries increased by $1.7 million due mainly to more orders secured from existing customers in Thailand and new customers in both Thailand and UAE. As a result, other countries' contribution to our total revenue increased from 11.4% in FY2005 to 14.0% in FY2006. Sales to Philippines decreased by $1.0 million as the shipbuilding projects of one of our major customers, FBMA Marine Inc. in Philippines, were in the completion phase in FY2006.

Gross profit

Our gross profit increased by $2.7 million or 52.7% from $5.2 million in FY2005 to $7.9 million in FY2006 due to higher revenue and generally higher gross profit margin. Our gross profit margin increased from 22.5% in FY2005 to 25.4% in FY2006 as our average unit selling price increased by 11.7% whereas our average unit cost of sales increased by 6.8%.

The increase in our cost of aluminium alloy products reflected the strong demand which was driven by continued improvement in economic conditions. Despite the continued increase in global aluminium prices, our cost of sales did not increase as much as the increase in our average unit selling price as most of the aluminium alloy products we sold in FY2006 were procured in FY2005 when the prices of aluminium alloy products were lower. We had started building our inventories in FY2005 in anticipation of higher sales and higher aluminium alloy product prices in the following year.

Gross profit from the marine segment increased by $1.6 million or 85.7% from $1.9 million in FY2005 to $3.5 million in FY2006 in line with the increase in revenue and increase in gross profit margin from 21.7% to 25.1% in the same period. Gross profit from the precision engineering segment increased by $1.2 million or 47.7% from $2.3 million in FY2005 to $3.5 million in FY2006 in line with the increase in revenue and the increase in our gross profit margin from 21.1% to 25.0% in the same period. The increase in gross profit margins for the marine and precision engineering business segments was due mainly to our inventory management strategy of increasing our purchases in FY2005 when prices of aluminium alloy products were lower, in anticipation of higher sales and expectation of higher aluminium alloy product prices.

Gross profit from the stockists and traders segment decreased by $0.1 million or 16.6% from $0.4 million in FY2005 to $0.3 million in FY2006 in line with the decrease in revenue as well as the decline in gross profit margin. Gross profit margin decreased from 24.2% in FY2005 to 21.7% in FY2006 due to the increase in the proportion of lower margin products sold in FY2006 compared to FY2005.

Gross profit from other customers was maintained at $0.6 million in FY2006 despite the increase in revenue as a result of lower gross profit margin for this business segment due to the decrease in sale of scrap materials.

Financial income

Financial income increased by $0.4 million in FY2006 due mainly to the foreign exchange gain resulting from the depreciation of US dollars against Singapore dollars. The foreign exchange gain arose mainly from the realised exchange gain from forward contracts during the year, as well as the unrealised exchange gain resulting from the year-end revaluation of balances in foreign currencies.

Financial expense

Financial expense increased by $0.6 million in FY2006 due mainly to an increase of $0.3 million in interest expense as a result of the higher utilisation of our trade financing facilities to finance the increase in our inventories procurement as well as an increase in our trade financing interest rates from between 4.3% and 6.8% in FY2005 to between 5.5% and 7.7% in FY2006. In addition, we made a provision for impairment on receivables amounting to $0.2 million in FY2006 for long outstanding amounts due from trade and other debtors. We also recorded a fair value loss of $0.1 million on foreign currency forward contracts outstanding as at 31 December 2006.

Distribution costs

Our distribution costs increased marginally by $0.1 million in FY2006 due mainly to an increase in our exhibition expenses as we participated actively in exhibitions for the marine and precision engineering industries to expand our customer base, particularly in overseas markets. The number of exhibitions we participated in increased from nine in FY2005 to 13 in FY2006.

Administrative expenses

Our administrative expenses increased by $0.2 million in FY2006 due mainly to an increase in payroll expenses of $0.5 million resulting from the annual salary increment as well as the increase in the number of administrative staff. The increase in payroll expenses was partially offset by the decrease in legal and professional fees of $0.3 million.

Other charges

Other charges of $7,000 in FY2006 related to the net loss from the disposal of motor vehicles and machinery.

Profit before tax

Our PBT increased by $2.3 million in FY2006 due to the increase in revenue and generally higher gross profit margin.

HY2006 vs HY2007

Revenue

Our revenue increased by $5.1 million or 34.5% from $14.7 million in HY2006 to $19.8 million in HY2007. The increase was attributable to an 18.6% increase in sales volume and a 14.6% increase in average unit selling price. We were able to increase our overall average unit selling price in HY2007 due to the tight supply of aluminium alloy products in the market and long delivery lead time from the aluminium mills. The long delivery lead time from the aluminium mills was attributable to the competing demand from other sectors, such as the aerospace sector. We were able to meet our customers' order requirements within a relatively short delivery lead time with our wide range of readily available inventories.

Our revenue from the marine industry grew by $5.1 million or 84.7% from $5.9 million in HY2006 to $11.0 million in HY2007 due mainly to increased shipbuilding activities of our customers, in particular, NGV Tech Sdn Bhd in Malaysia and FBMA Marine Inc. in Philippines. We also managed to secure more orders from new customers in Indonesia and existing customers in UAE through our continued active participation in exhibitions in these two countries. Sales to repeat customers increased by $2.9 million while sales to new customers amounted to $2.2 million in HY2007. Revenue from the marine industry as a percentage of our total revenue increased from 40.4% in HY2006 to 55.5% in HY2007 as we continued to capitalise on the growth of the marine industry, particularly in Asia and the Middle East.

Our revenue from the precision engineering segment decreased by $0.6 million or 8.2% from $7.1 million in HY2006 to $6.5 million in HY2007 due to fewer orders secured from our customers in Singapore, Malaysia, Hong Kong, Taiwan and PRC due mainly to the weaker demand. The decrease in sales to the aforesaid countries was partly offset by the increase in sales to our customers in Pakistan. Revenue from the precision engineering segment as a percentage of our total revenue decreased from 48.1% in HY2006 to 32.8% in HY2007.

Revenue from stockists and traders increased by $0.6 million or 78.3% from $0.9 million in HY2006 to $1.5 million in HY2007 due mainly to the increase in demand from our new customers in Malaysia and Indonesia. Notwithstanding our strategy of focusing on customers from the marine and precision engineering industries, we continued to sell to overseas stockists and traders who in turn sold our products to their end customers. We believe that by adopting this strategy, we would be able to establish our reputation as an international aluminium alloy supplier, and secure more and bigger orders from overseas customers from various industries. Our revenue from other customers stayed constant at $0.8 million.

Our revenue from all geographical segments increased in HY2007 as we continued to participate actively in trade exhibitions in the region. The increase in revenue of $0.1 million from Singapore was due mainly to the increase in sales to our customers in the marine industry which partially offset the decrease in sales to our customers in the precision engineering industry. The increase in revenue of $1.1 million from Malaysia was contributed mainly by the increase in sales to our major customer in Malaysia, NGV Tech Sdn Bhd. Revenue from Indonesia increased by $1.1 million as we managed to secure orders from new customers in the marine industry, as well as from stockists and traders. Indonesia's contribution to our total revenue increased from 3.0% in HY2006 to 7.6% in HY2007. Revenue from Philippines increased by $1.4 million due mainly to orders received from our major customer, FBMA Marine Inc., as they secured and commenced new shipbuilding projects. Revenue from other countries increased by $1.4 million due mainly to more orders secured from existing customers from the marine industry in the UAE and new customers from the precision engineering industry in Pakistan. As a result, other countries' contribution to our total revenue increased from 16.0% in HY2006 to 18.9% in HY2007.

Gross profit

Our gross profit increased by $1.9 million or 49.8% from $3.7 million in HY2006 to $5.6 million in HY2007 due to higher revenue and generally higher gross profit margin. Our gross profit margin increased from 25.4% in HY2006 to 28.3% in HY2007 as our average unit selling price increased by 14.6% whereas our average unit cost of sales increased by 9.1%. Our average unit cost of sales had increased at a lower rate compared to our average unit selling price as most of our aluminium alloy products sold in HY2007 were procured in FY2006 when their prices were lower, in anticipation of higher sales in HY2007.

Gross profit from the marine segment increased by $1.4 million or 94.0% from $1.6 million in HY2006 to $3.0 million in HY2007 due to increased revenue and gross profit margin. Gross profit margin increased from 26.2% in HY2006 to 27.5% in HY2007 due mainly to strong demand coupled with the tight supply situation as reflected by the longer delivery lead time of major manufacturers.

Gross profit from the precision engineering segment increased by $0.3 million or 16.9% from $1.7 million in HY2006 to $2.0 million in HY2007 despite the decrease in revenue. This was due to the increase in our gross profit margin from 24.0% in HY2006 to 30.5% in HY2007 mainly as a result of increased sales of certain grades of aluminium alloy products which generally carried higher profit margins.

Gross profit from the stockists and traders segment increased by $0.3 million or 146.5% from $0.1 million in HY2006 to $0.4 million in HY2007 in line with the increase in revenue as well as the higher gross profit margin. Gross profit margin increased from 16.5% in HY2006 to 22.8% in HY20007 due mainly to the increase in the proportion of higher profit margin products sold in HY2007 as compared to HY2006.

Gross profit from other customers decreased by $0.1 million or 28.8% from $0.3 million in HY2006 to $0.2 million in HY2007 due to the decrease in gross profit margin from 40.8% to 31.1% in the same period. The decrease in gross profit margin was due mainly to the decrease in our rental income and other income from the sale of scrap materials.

Financial income

Financial income decreased by $106,000 due mainly to the lower exchange gain recorded in HY2007, partially offset by the recovery of bad debt from our trade debtors.

Financial expense

Financial expense increased by $0.3 million in HY2007 due mainly to an increase in interest expense as a result of the higher utilisation of our trade financing facilities to finance the increase in our inventories procurement as well as an increase in the interest rates on trade facilities from between 5.5% and 7.7% in HY2006 to between 5.5% and 8.1% in HY2007.

Distribution costs

Our distribution costs remained fairly constant at $0.3 million for both HY2006 and HY2007.

Administrative expenses

Our administrative expenses increased by $0.3 million in HY2007 due mainly to an increase in payroll expenses of $0.2 million resulting from the annual salary increment. In addition, there was an increase in other general administrative expenses of $0.1 million to support the increase in our overall business activities.

Other charges

Other charges of $10,000 in HY2007 related to the loss from the disposal of a motor vehicle.

Profit before tax

Our PBT increased by $1.2 million in HY2007 due to the increase in revenue and generally higher gross profit margin.

REVIEW OF FINANCIAL POSITION

Current assets

Our current assets comprise cash and cash equivalents, trade and other receivables, and inventories. As at 31 December 2006, current assets amounted to $25.3 million and accounted for 75.9% of our total assets. As at 30 June 2007, current assets amounted to $32.9 million and accounted for 80.4% of our total assets. Between 31 December 2006 and 30 June 2007, current assets increased due mainly to the increase in trade and other receivables and inventories.

Trade and other receivables amounted to $11.0 million and $13.6 million as at 31 December 2006 and 30 June 2007, respectively, and accounted for 43.3% and 41.4% of our current assets as at the respective dates. Trade receivables amounted to $8.9 million and other receivables amounted to $2.1 million as at 31 December 2006. Other receivables comprised mainly amount owing from related parties, deposits, prepayments and sundry debtors. Amount owing from related parties amounted to $1.8 million. This amount was repaid in full in HY2007. Trade receivables amounted to $13.3 million and other receivables amounted to $0.3 million as at 30 June 2007. Our trade receivables turnover for FY2006 and HY2007 were 82 days and 103 days, respectively. Our trade receivable turnover was higher for HY2007 due to higher sales to our major customers in the marine segment who typically take a longer time to make payment.

Inventories amounted to $13.9 million and $18.0 million as at 31 December 2006 and 30 June 2007, respectively, and accounted for 54.7% and 54.9% of our current assets as at the respective dates. Our inventories turnover for FY2006 and HY2007 were 172 days and 206 days, respectively. The increase in inventories turnover was the result of building up of inventories in anticipation of higher demand for our aluminium alloy products and in view of the longer delivery lead time required by our suppliers. This is in line with our inventory management strategy of having readily available inventories at all times so as to maintain a high level of responsiveness to our customers' needs.

The remaining balance of our current assets comprised cash and cash equivalents which accounted for 2.0% and 3.7% of our current assets as at 31 December 2006 and 30 June 2007, respectively.

Non-current assets

Our non-current assets comprise properties, plant and equipment which include motor vehicles, office equipment and machinery.

As at 31 December 2006, the net book value of our non-current assets amounted to $8.0 million or 24.1% of our total assets, of which $2.6 million comprised freehold properties, $3.2 million comprised a leasehold property and the balance $2.2 million comprised plant and equipment.

As at 30 June 2007, the net book value of our non-current assets amounted to $8.0 million or 19.6% of our total assets, of which $2.6 million comprised freehold properties, $3.2 million comprised a leasehold property and the balance $2.2 million comprised plant and equipment. Subsequent to 30 June 2007 and pursuant to the Restructuring Exercise, freehold properties with aggregate net book value of $2.0 million were sold to Soon Tien Investments for $3.0 million based on independent valuation. For more information on the sale of freehold properties to Soon Tien Investments, please refer to the "Restructuring Exercise" section of this Prospectus.

Current liabilities

Our current liabilities comprise short-term borrowings, trade and other payables, current tax payable, current portion of long-term borrowings and finance leases. As at 31 December 2006, current liabilities amounted to $21.1 million or 83.5% of total liabilities. As at 30 June 2007, current liabilities amounted to $27.8 million and accounted for 87.7% of total liabilities.

Trade and other payables amounted to $15.9 million and $20.9 million as at 31 December 2006 and 30 June 2007, respectively, and accounted for 75.3% and 75.2% of current liabilities as at the respective dates. Trade and other payables related to amount due to trade creditors for purchases of inventories, bills payable (trust receipts), accrued operating expenses, amount owing to Directors and sundry creditors. The amount owing to Directors was repaid in June 2007.

Short-term borrowings amounted to $3.4 million and $5.0 million as at 31 December 2006 and 30 June 2007, respectively, and accounted for 16.1% and 17.9% of our current liabilities as at the respective dates. Short-term borrowings comprised bank loans and bank overdrafts to augment our working capital.

Current portion of long-term borrowings amounted to $0.6 million as at both 31 December 2006 and 30 June 2007 and accounted for 3.0% and 2.0% of our current liabilities as at 31 December 2006 and 30 June 2007, respectively. These long-term borrowings were taken up to finance the acquisition of our freehold and leasehold properties and also to support our working capital.

Current portion of finance leases amounted to $0.2 million and $0.1 million as at 31 December 2006 and 30 June 2007, respectively, and accounted for 0.9% and 0.5% of current liabilities as at the respective dates. These finance leases were taken up to finance the acquisition of motor vehicles and machinery.

The balance of our current liabilities comprised current tax payable of $1.0 million and $1.2 million as at 31 December 2006 and 30 June 2007, respectively.

Non-current liabilities

Our non-current liabilities comprise long-term borrowings, long-term portion of the finance leases and deferred tax liabilities.

Non-current liabilities amounted to $4.2 million and $3.9 million as at 31 December 2006 and 30 June 2007, respectively, and accounted for 16.5% and 12.3% of our total liabilities as at the respective dates. Long-term borrowings outstanding as at 31 December 2006 and 30 June 2007 of $3.8 million and $3.6 million, respectively, related to the interest-bearing term loans from financial institutions to finance the acquisition of our freehold and leasehold properties and also used to augment our working capital.

Finance leases of $92,000 and $32,000 as at both 31 December 2006 and 30 June 2007, respectively, arose from the acquisition of motor vehicles and machinery, and accounted for 2.2% and 0.8% of our non-current liabilities as at 31 December 2006 and 30 June 2007, respectively.

The remaining non-current liabilities comprised deferred tax liabilities of $0.3 million.

Shareholders' equity

As at 31 December 2006 and 30 June 2007, our shareholders' equity amounted to $8.1 million and $9.2 million, respectively. The increase in shareholders' equity was due to the retained profit in HY2007 partially offset by a final dividend payment.

LIQUIDITY AND CAPITAL RESOURCES

Our business growth and expansion have been financed by a combination of cash generated from our operating activities and borrowings from banks. Our principal uses of cash have been for the purchase of aluminium alloy products, meeting operating expenses and capital expenditure.

As at 30 June 2007, our working capital ratio (defined as current assets divided by current liabilities) was 1.2 times. We had been able to service our interest payments on a timely basis, and our interest coverage ratio for HY2007 (defined as operating profits divided by interest expense) was 5.8 times.

Our Directors are of the opinion that after taking into account our cash position, cash generated from operating activities and the amounts available under our existing bank facilities, our Group has adequate working capital to meet its present requirements (please refer to the "Capitalisation and Indebtedness" section of this Prospectus for details on our banking facilities).

We set out below a summary of our combined cashflow statement for FY2004, FY2005, FY2006 and HY2007. The following combined cashflow summary should be read in conjunction with the full text of this Prospectus, including the "Independent Auditor's Report on the Audited Combined Financial Statements of Soon Lian Holdings Limited" and the "Independent Auditor's Review Report on the Unaudited Combined Financial Statements of Soon Lian Holdings Limited" as set out in Appendices A and B respectively, of this Prospectus:-

	FY2004 ($'000)	FY2005 ($'000)	FY2006 ($'000)	HY2007 ($'000)
Net cash generated from operating activities	3,205	622	3,489	2,095
Net cash generated from/(used in) investing activities	1,534	(470)	(798)	(164)
Net cash used in financing activities	(2,637)	(248)	(2,806)	(528)
Net effect of exchange rate changes in combining subsidiaries	2	(5)	(3)	(5)
Net increase/(decrease) in cash at end of period	2,104	(101)	(118)	1,398
Cash at beginning of period	(2,995)	(891)	(992)	(1,110)
Cash at end of period [(1)]	(891)	(992)	(1,110)	288

Note:-

(1) Cash as at the end of the respective periods comprised:-

($'000)	FY2004	FY2005	FY2006	HY2007
Cash and cash equivalents (net of cash restricted in use)	235	612	501	1,220
Bank overdraft	(1,126)	(1,604)	(1,611)	(932)
Cash at end of period	(891)	(992)	(1,110)	288

FY2004

In FY2004, we generated net cash from operating activities before changes in working capital of $2.8 million. Net cash generated from working capital amounted to $0.5 million due mainly to the increase in trade and other payables of $3.8 million and decrease of trade and other receivables of $1.1 million, which were partially offset by the increase in inventories of $4.4 million. We paid income tax of $0.1 million in FY2004.

Net cash generated from investing activities amounted to $1.5 million in FY2004. Proceeds of $1.9 million mainly from the disposal of our previous office and warehouse premises, were partially offset by the amount of $0.4 million used mainly for the acquisition of motor vehicles for the use by our Directors and staff.

Net cash used in financing activities of $2.6 million was due mainly to the repayment of bank borrowings of $1.5 million and finance leases of $0.2 million, interest expense of $0.6 million and dividends of $0.4 million.

FY2005

In FY2005, we generated net cash from operating activities before changes in working capital of $3.0 million. Net cash used in working capital amounted to $1.7 million due mainly to increase in trade and other receivables of $1.2 million, increase in inventories of $0.3 million and decrease in trade and other payables of $0.2 million. We paid income tax of $0.6 million in FY2005.

Net cash used in investing activities amounted to $0.5 million in FY2005 used mainly for the acquisition of motor vehicles for the use by our Directors and staff.

Net cash used in financing activities of $0.3 million was due mainly to the interest expense of $0.7 million, dividends paid of $0.4 million and repayment of finance leases of $0.2 million. These cash outflows were partially offset by cash inflow resulting from an increase in bank borrowings of $0.6 million and an increase in paid-up capital of $0.4 million.

FY2006

In FY2006, we generated net cash from operating activities before working capital changes of $5.7 million. Net cash used in working capital amounted to $2.0 million due to the increase in inventories of $5.9 million and an increase in trade and other receivables of $3.3 million in line with the increased revenue achieved in FY2006, partially offset by an increase in trade and other payables of $7.2 million. We paid income tax of $0.3 million in FY2006.

Net cash used in investing activities amounted to $0.8 million in FY2006 due mainly to the acquisition of the freehold property in Malaysia amounting to $0.6 million, and acquisition of plant and equipment of $0.5 million, which were partially offset by the sales proceeds of $0.3 million received mainly from the disposal of motor vehicles used by our Directors and staff.

Net cash used in financing activities amounted to $2.8 million in FY2006 due mainly to the repayment of bank borrowings of $0.8 million and finance leases of $0.2 million, interest expense of $1.0 million and dividends of $0.9 million.

HY2007

In HY2007, we generated net cash from operating activities before working capital changes of $4.2 million. Net cash used in working capital amounted to $1.8 million due to the increase in inventories of $4.2 million and an increase in trade and other receivables of $2.6 million in line with the increased revenue achieved in HY2007, partially offset by an increase in trade and other payables of $5.0 million. We paid income tax of $0.3 million in HY2007.

Net cash used in investing activities amounted to $0.2 million in HY2007 due mainly to the acquisition of machinery and motor vehicles for the use of our Directors and staff.

Net cash used in financing activities amounted to $0.5 million in HY2007 due mainly to the repayment of finance leases and long-term borrowings of $0.1 million and $0.3 million respectively, interest expense of $0.7 million and dividends of $1.7 million, partially offset by the increase in short-term borrowings of $2.3 million.

MATERIAL CAPITAL EXPENDITURE AND DIVESTMENTS

The capital expenditures and divestments made by our Group in the last three financial years ended 31 December 2006 and the six months ended 30 June 2007 were as follows:-

($'000)	FY2004	FY2005	FY2006	HY2007
Capital Expenditures[1]				
Freehold property	–	–	602	–
Leasehold properties and improvements	68	–	–	–
Plant and equipment	588	674	752	231
	656	674	1,354	231
Divestments[2]				
Freehold property	–	–	–	–
Leasehold properties and improvements	1,900	–	–	–
Plant and equipment	15	–	307	52
	1,915	–	307	52

Notes:-

(1) These relate to the cost of property, plant and equipment acquired during the periods under review.

(2) These relate to the net book value of property, plant and equipment disposed of during the periods under review.

The above capital expenditures were financed by term loans, finance leases and internally generated funds. The acquisition of plant and equipment of $0.6 million and $0.7 million in FY2004 and FY2005, respectively, related mainly to the acquisition of motor vehicles. In FY2006, we incurred $0.8 million mainly for the acquisition of motor vehicles, forklifts and machinery and $0.6 million for the acquisition of the freehold property in Malaysia. In FY2004, we disposed of our previous office and warehouse premises with a net book value of $1.9 million.

COMMITMENTS

Capital commitments

As at the Latest Practicable Date, we had a capital commitment amounting to $27,000 for the purchase of a motor vehicle.

Operating lease commitments

As at the Latest Practicable Date, we had operating lease commitments in respect of our leasehold property, warehouse, workers' dormitory and equipment as follows:-

	($'000)
Not later than 1 year	277
Later than 1 year and not later than 5 years	349
Later than 5 years	2,494
	3,120

Please refer to the "Properties and Fixed Assets" section of this Prospectus for more information.

We intend to finance the above operating lease commitments by internally generated funds.

CAPITALISATION AND INDEBTEDNESS

The following information should be read in conjunction with the "Independent Auditors' Review Report on the Unaudited Combined Financial Statement of Soon Lian Holdings Limited" in Appendix B of this Prospectus.

The following table shows the cash and cash equivalents as well as capitalisation and indebtedness of our Group as at 30 September 2007 based on:-

(a) our unaudited combined financial statements as at 30 September 2007; and

(b) as adjusted for the Restructuring Exercise and the net proceeds from the Invitation.

($'000)	**As at 30 September 2007 after adjusting for the Restructuring Exercise**	**As adjusted for the net proceeds from the Invitation**
Cash and cash equivalents	1,439	5,599
Indebtedness		
Current		
- secured and guaranteed	7,624	7,624
- secured and non-guaranteed	118	118
- unsecured and guaranteed	13,007	13,007
Non-current		
- secured and guaranteed	3,376	3,376
- secured and non-guaranteed	–	–
- unsecured and guaranteed	18	18
Total indebtedness	**24,143** [(1)]	**24,143**
Total shareholders' equity	**8,407**	**12,567**
Total capitalisation and indebtedness	**32,550**	**36,710**

Note:-

(1) This excludes foreign exchange facilities of $8.5 million, letters of credit outstanding of $3.8 million and bank overdrafts of $0.8 million which had been earmarked to secure a bankers' guarantee.

As at the Latest Practicable Date, our total facilities (utilised and unutilised) were as follows:-

	Facilities granted ($'000)	Utilised ($'000)	Unutilised ($'000)	Interest rates (per annum)	Maturity profile
Term loans	3,944	3,944	–	4.7% to 5.5%	Monthly instalments expiring in five to 194 months
Short term loans	3,548	3,548	–	5.05% to 5.39%	Revolving
Bank overdrafts	4,844	4,709 (1)	135	5.25% to 6.75%	Payable on demand
Letters of credits, trust receipts	24,677	20,759 (2)	3,918	5.21% to 7.14%	Between two and six months
Foreign exchange facility	10,670	7,288	3,382	Not applicable	Up to 12 months
Finance lease liabilities	123	123	–	2.2% to 3.9% (flat rate)	Monthly instalments over 12 to 48 months
Total	47,806	40,371	7,435		

Notes:-

(1) This includes bank overdrafts of $0.8 million which had been earmarked to secure a bankers' guarantee.

(2) This includes letters of credit outstanding of $2.4 million.

To the best of our Directors' knowledge, we are not in breach of any terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our financial position and results or business operations, or the investments of our Shareholders.

The above facilities are secured by mortgages over our Group's freehold and leasehold properties and joint and several personal guarantees of our Executive Directors, Tony Tan, YH Tan and Sam Tan, and our Executive Officers, Jenny Tan and Carol Tan. Please refer to the "Interested Person Transactions" section for further details of the joint and several guarantees provided by our Executive Directors and Executive Officers. The guarantors intend to obtain a release and discharge of these guarantees from the respective banks after the admission of our Company to the Official List of the SGX Sesdaq. In the event that the banks and financial institutions do not agree to release the personal guarantees, the guarantors will either continue to provide these guarantees or substitute the same with other securities to be furnished by our Group that are acceptable to the financial institutions. The finance leases are secured by certain fixed assets of our Group and personal guarantees of Tony Tan and Jenny Tan.

Contingent liabilities

As at the Latest Practicable Date, we did not have any contingent liabilities.

FOREIGN EXCHANGE MANAGEMENT

Accounting treatment of foreign currencies

The accounting records for the companies in our Group are maintained in their respective functional currencies.

Transactions in foreign currencies during the year are recorded in the respective functional currencies using exchange rates approximating those prevailing at the transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into the respective functional currencies at exchange rates approximating those prevailing at that date. All resultant exchange differences are dealt with through the income statements.

In the preparation of the combined financial statements of our Group, the financial statements of our foreign subsidiary have been translated at the exchange rate prevailing at the balance sheet date except for share capital and reserves which are translated at historical rates and income statements which are translated at the average exchange rate for the year. Exchange differences arising from the above translation are taken directly to the reserves.

Foreign Exchange Exposure

Our reporting currency is in S$ and our operations are primarily carried out in Singapore and Malaysia. Other than the respective functional currencies of our subsidiaries, we also transact in US$. The percentage of our revenue, purchases and net expenses denominated in the different currencies were as follows:-

(%)	FY2004	FY2005	FY2006	HY2007
Percentage of revenue denominated in				
S$	84.2	82.3	85.2	74.0
US$	14.5	16.1	12.6	23.6
MYR	1.3	1.6	2.2	2.4
	100.0	100.0	100.0	100.0
Percentage of purchases denominated in				
S$	24.0	29.3	25.3	25.7
US$	74.0	69.6	74.3	70.1
Others[1]	2.0	1.1	0.4	4.2
	100.0	100.0	100.0	100.0
Percentage of net expenses denominated in				
S$	96.8	94.9	94.7	96.5
MYR	3.2	5.1	5.3	3.5
	100.0	100.0	100.0	100.0

Note:-

(1) Others comprise Australian dollars, Euro, MYR and New Taiwan dollars.

To the extent that our revenue, purchases and net expenses are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and collection/payment, we will be exposed to adverse fluctuations of the various currencies against the S$, which will adversely affect our earnings.

Our net foreign exchange exposure for FY2004, FY2005, FY2006 and HY2007 were as follows:-

($'000)	FY2004	FY2005	FY2006	HY2007
Net foreign exchange gain	56	73	566	33
As a percentage of revenue (%)	0.3	0.3	1.8	0.2
As a percentage of PBT (%)	2.9	3.9	13.6	1.0

The bulk of our products were procured from aluminium manufacturers located in countries such as USA, South Africa, India, Canada and PRC and they are mainly denominated in US$. Foreign exchange risks arising from purchases in US$ are managed with a combination of US$ forward contracts (foreign exchange banking facilities) and natural hedge arising from sales in US$. We would usually book a US$ forward contract for an amount equivalent to approximately half the purchase value when we receive the goods. In the interim, between the time of the receipt of goods to the due date for payment, we would monitor the US$ exchange rate and book additional forward contracts when the exchange rates are favourable, while the balance of the purchase value would be naturally hedged with sales in US$. As a matter of policy, we would not book forward contracts exceeding the value of our purchases or for periods exceeding six months. We would also not book any forward contracts in currencies other than the currency of our purchases. These hedging policies have been approved by our Board and are supported by procedures which have been reviewed and approved by our Audit Committee. All hedging transactions shall be pre-approved by our Chief Executive Officer. We will continue to monitor our foreign exchange exposure, if any, and will hedge any material transactions to manage our foreign currency exposure should the need arise in the future. Any change in our hedging policy shall be subject to review and approval by our Board prior to implementation. Our Audit Committee will review periodically all the foreign exchange exposure hedging transactions and any formal hedging policies and procedures of our Group.

As at the Latest Practicable Date, the aggregate value of forward foreign exchange contracts outstanding was as follows:-

Bought:

United States dollars	4.8 million
Equivalent in Singapore dollars[1]	7.3 million

Note:-

(1) Based on the average exchange rate of US$1.00 : S$1.515.

DIVIDENDS

Our subsidiary, SLH, paid dividends of $351,000, $360,000, $900,000 and $1,650,000 in FY2004, FY2005, FY2006 and HY2007, respectively. Save as disclosed, our Group had not paid any dividend in the last three financial years ended 31 December 2006 and the six months ended 30 June 2007.

We currently do not have a formal dividend policy. We may declare annual dividends with the approval of our Shareholders in a general meeting, but the amount of such dividends shall not exceed the amount recommended by our Directors. Our Directors may also declare interim dividend without seeking Shareholders' approval. Our Company must pay all dividends out of our profits or pursuant to Section 69 of the Act. There can be no assurance that dividends will be paid in the future or of the amount or timing of any dividends that will be paid in the future.

Any declaration and payment of dividends in the future will depend on, *inter alia*, the level of our future earnings, cash flow, financial condition, capital requirements, investment plans and other factors which our Directors may consider appropriate.

Information relating to taxes payable on dividends is set out under "Taxation" in Appendix D of this Prospectus.

SHARE CAPITAL

Our Company was incorporated in Singapore on 18 December 2004 under the Act as a private company limited by shares under the name "Soon Lian Pte. Ltd.". On 30 December 2004, our Company changed its name to "Soon Lian Holdings Pte. Ltd.". On 14 November 2007, our Company changed its name to "Soon Lian Holdings Limited" in connection with its conversion to a public company limited by shares.

As at 1 January 2006 and 31 December 2006, our Company had an issued and paid-up share capital of $350,000 comprising 350,000 Shares, held by Tony Tan (25.0%), YH Tan (25.0%), Sam Tan (25.0%), Jenny Tan (12.5%) and Carol Tan (12.5%).

On 30 October 2007, pursuant to the Restructuring Exercise, our issued and paid-up share capital was increased to $6,189,000 comprising 6,189,000 Shares, following the allotment and issue of a total of 5,839,000 Shares.

Pursuant to resolutions dated 31 October 2007, our Shareholders approved, *inter alia*, the following:-

(a) the sub-division of 6,189,000 Shares in our issued share capital into 81,000,000 Shares;

(b) the conversion of our Company into a public limited company and the consequential change of our name to "Soon Lian Holdings Limited";

(c) the adoption of a new set of Articles of Association;

(d) the issue of the New Shares pursuant to the Invitation, which when allotted, issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares; and

(e) that authority be and is hereby given to our Directors to:-

(A) (i) issue shares in the capital of our Company 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) 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 our Directors may in their absolute discretion deem fit; and

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

provided that:-

(1) the aggregate number of shares to be issued pursuant to such authority (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 50% of the issued share capital of our Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to our Shareholders (including shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed 20% of the issued share capital of our Company (as calculated in accordance with subparagraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under subparagraph (1) above, the percentage of issued share capital shall be based on the post-Invitation issued share capital of our Company immediately following the close of the Invitation, after adjusting for:-

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this authority is passed; and

(ii) any subsequent consolidation or sub-division of shares;

(3) in exercising the authority conferred by this authority, our Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and

(4) (unless revoked or varied by our Company in general meeting) the authority conferred by this authority shall continue in force until the conclusion of the next annual general meeting of our Company or the date by which the next annual general meeting of our Company is required by law to be held, whichever is the earlier.

As at the date of this Prospectus, there is only one class of shares in the capital of our Company, being ordinary shares. The rights and privileges of our Shares are stated in our Articles of Association. There are no founder, management or deferred shares. No person has been, or is entitled to be, given an option to subscribe for or purchase any securities of our Company or any of its subsidiaries.

As at the date of this Prospectus, the issued and paid-up share capital of our Company is $6,189,000 divided into 81,000,000 Shares. Upon the allotment and issue of the New Shares which are the subject of the Invitation, the resultant issued and paid-up share capital of our Company will be $11,859,000 divided into 108,000,000 Shares.

Details of the changes in the issued and paid-up share capital of our Company since 1 January 2006 and our issued and paid-up share capital immediately after the Invitation are as follows:-

	Number of Shares	**Resultant issued share capital ($)**
Issued and paid-up ordinary shares as at 1 January 2006, 31 December 2006 and 30 June 2007	350,000	350,000
Issue of new ordinary shares pursuant to the Restructuring Exercise	5,839,000	6,189,000
After Sub-division	81,000,000	6,189,000
New Shares to be issued pursuant to the Invitation	27,000,000	5,670,000
Post-Invitation issued and paid-up share capital	108,000,000	11,859,000

The shareholders' equity of our Company as at 30 June 2007, before and after adjustment to reflect the Restructuring Exercise and the Invitation are set forth below. This should be read in conjunction with the "Independent Auditors' Review Report on the Unaudited Combined Financial Statements of Soon Lian Holdings Limited" set out in Appendix B of this Prospectus.

($'000)	As at 30 June 2007	After adjusting for the Restructuring Exercise	After Invitation
Shareholders' equity			
Share capital	350	6,189	11,859
Revenue reserve	(9)	(9)	(1,519)
Total Shareholders' equity	341	6,180	10,340

RESTRUCTURING EXERCISE

In connection with the Invitation, we undertook the Restructuring Exercise, pursuant to which our Company became the holding company of our Group, as follows:-

(a) Acquisition of SLH by our Company

Pursuant to a sale and purchase agreement dated 29 October 2007, our Company acquired the entire issued and paid-up share capital of SLH of $1,500,000 comprising 1,500,000 ordinary shares from its then existing shareholders, namely, Tony Tan, YH Tan, Sam Tan, Jenny Tan and Carol Tan, for an aggregate consideration of $8,444,000. The acquisition of such SLH shares included all rights attached thereto as at 1 July 2007 and is deemed to take effect from 1 July 2007. Tony Tan, YH Tan and Sam Tan are our Executive Directors, and Jenny Tan and Carol Tan are our Executive Officers. They are siblings.

The consideration was based on the unaudited NTA of SLH as at 30 June 2007, and was partially satisfied by the allotment and issue of 5,444,000 Shares, credited as fully paid, by our Company to Soon Tien Holdings on the direction of the shareholders of SLH. The balance consideration of $3,000,000 was to be paid in cash to the shareholders as follows:-

Shareholders	Number of shares held in SLH	Percentage shareholding	Number of Shares entitled to	Amount of cash entitled to
Tony Tan	375,000	25.0%	1,361,000	750,000
YH Tan	375,000	25.0%	1,361,000	750,000
Sam Tan	375,000	25.0%	1,361,000	750,000
Jenny Tan	187,500	12.5%	680,500	375,000
Carol Tan	187,500	12.5%	680,500	375,000
Total	1,500,000	100.0%	5,444,000	3,000,000

Soon Tien Holdings is an investment holding company incorporated in Singapore. Its directors and shareholders are Tony Tan (25.0%), YH Tan (25.0%), Sam Tan (25.0%), Jenny Tan (12.5%) and Carol Tan (12.5%).

Pursuant to a sale and purchase agreement dated 29 October 2007, SLH had sold four properties at 16, 16B and 16D Lorong Ampas, GS Building, Singapore 328778 and 20A Lorong Ampas, GS Building, Singapore 328780 to Soon Tien Investments for an aggregate consideration of $3,000,000, based on independent valuation. Upon the agreement of all parties, the purchase consideration for the properties payable by Soon Tien Investments to SLH was set-off against the cash portion of the purchase consideration payable by our Company to the then shareholders of SLH for the acquisition of SLH. Completion of the sale and purchase took place on 30 November 2007 and the purchase consideration has been fully settled.

Soon Tien Investments is an investment holding company incorporated in Singapore. Its directors are our Directors, Tony Tan, YH Tan and Sam Tan, and our Executive Officers, Jenny Tan and Carol Tan. Its shareholders are Tony Tan (50%) and YH Tan (50%).

(b) Acquisition of SLH Malaysia by our Company

Pursuant to a sale and purchase agreement dated 29 October 2007, our Company acquired the entire issued and paid-up share capital of SLH Malaysia of MYR500,000 comprising 500,000 ordinary shares of MYR1 each from its then existing shareholders, namely, Tony Tan, YH Tan, Sam Tan, Jenny Tan and Carol Tan, for an aggregate consideration of $395,000. The acquisition of such SLH Malaysia shares included all rights attached thereto as at 1 July 2007 and is deemed to take effect from 1 July 2007.

The aggregate consideration of $395,000 was based on the unaudited NTA of SLH Malaysia as at 30 June 2007, and was fully satisfied by the allotment and issue of 395,000 Shares, credited as fully paid, by our Company as follows:-

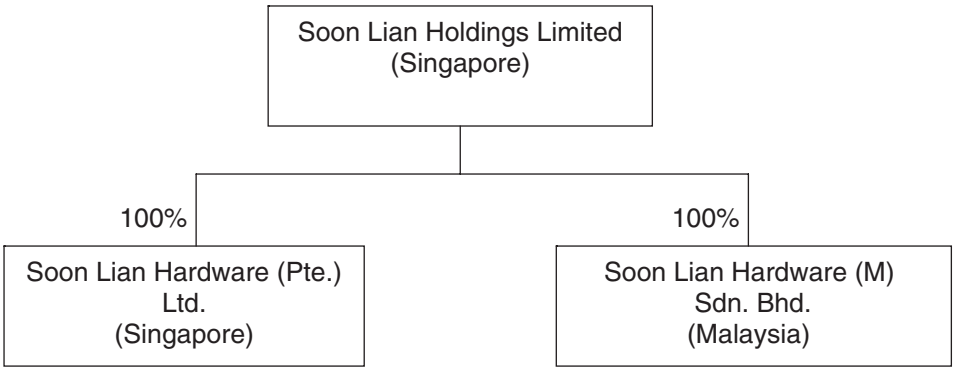
Shareholders	Number of shares held in SLH Malaysia	Percentage shareholding	Number of Shares entitled to	Number of Shares received
Tony Tan	125,000	25.0%	98,750	67,225
YH Tan	125,000	25.0%	98,750	67,225
Sam Tan	125,000	25.0%	98,750	67,225
Jenny Tan	62,500	12.5%	49,375	33,612
Carol Tan	62,500	12.5%	49,375	33,612
Soon Tien Holdings	–	–	–	126,101
Total	500,000	100.0%	395,000	395,000

The shareholders of SLH Malaysia had directed our Company to allot and issue part of the Shares to which they were entitled, amounting to 126,101 Shares, to Soon Tien Holdings.

Upon the completion of the Restructuring Exercise, our Company became the holding company of SLH and SLH Malaysia.

GROUP STRUCTURE

Our Group structure as at the date of this Prospectus is as follows:-



SUBSIDIARIES

The details of our subsidiaries as at the date of this Prospectus are as follows:-

Name of company	Date and place of incorporation	Principal place of business and principal activities	Issued and paid-up capital	Equity interest held by our Company
Soon Lian Hardware (Pte.) Ltd.	29 December 1983 Singapore	45 Joo Koon Circle Singapore 629106 Supplier of aluminium alloy products	$1,500,000	100%
Soon Lian Hardware (M) Sdn. Bhd.	9 November 2000 Malaysia	No. 5 Jalan Gemilang 3, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor, Malaysia Supplier of aluminium alloy products	MYR500,000	100%

None of our subsidiaries is listed on any stock exchange. We do not have any associated company.

In late 2005, we commenced the setting up of SLH Indonesia as a joint venture company with PT. Somagede Perkasa, a company involved in the distribution of high performance quality industrial cutting tools. The proposed shareholding structure of SLH Indonesia is as follows:-

Shareholders	Percentage shareholding
Soon Lian Holdings Limited	60.0%
PT. Somagede Perkasa[1]	40.0%

Note:-

(1) The shareholders of PT. Somagede Perkasa are Darmawan Boedi Soetrisno (50%) and Kiemas Soendoro (50%), both of whom are not related to our Directors or Substantial Shareholders.

As at the Latest Practicable Date, the incorporation of SLH Indonesia had not been completed, as it is pending capital injection by our Company and PT. Somagede Perkasa. We had intended to commence operations in Indonesia shortly after SLH Indonesia was to be set up in late 2005. However, due to a substantial increase in business activities in our key markets in Singapore and Malaysia at that time, the plan to commence operations in Indonesia was delayed to focus on these key markets. As part of our current expansion plans, we intend to commence operations in Indonesia in 2008 and will be contributing our share of the paid-up capital to complete the incorporation of SLH Indonesia in due course.

SHAREHOLDERS

Our Shareholders and their respective shareholdings in our Company immediately before and after the Invitation are set out below:-

	Before the Invitation				After the Invitation			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors								
Tony Tan[(1),(2)]	998,334	1.23	73,300,000	90.49	998,334	0.92	73,300,000	67.87
YH Tan[(1),(2)]	998,333	1.23	72,900,000	90.00	998,333	0.92	72,900,000	67.50
Sam Tan[(1),(2)]	998,333	1.23	72,900,000	90.00	998,333	0.92	72,900,000	67.50
Lee Sen Choon[(3)]	–	–	–	–	–	–	–	–
Tan Siak Hee[(3)]	–	–	–	–	–	–	–	–
Yap Kian Peng[(3)]	–	–	–	–	–	–	–	–
Substantial Shareholder								
Soon Tien Holdings[(4)]	72,900,000	90.00	–	–	72,900,000	67.50	–	–
Executive Officers								
Jenny Tan[(1)]	1,012,500	1.25	–	–	1,012,500	0.94	–	–
Carol Tan[(1)]	1,012,500	1.25	–	–	1,012,500	0.94	–	–
Others								
Employees[(5)]	3,080,000	3.81	–	–	3,080,000	2.86	–	–
Public	–	–	–	–	27,000,000	25.00	–	–
Total	**81,000,000**	**100.00**			**108,000,000**	**100.00**		

Notes:-

(1) Tony Tan, YH Tan, Sam Tan, Jenny Tan and Carol Tan are siblings.

(2) Each of Tony Tan, YH Tan and Sam Tan is deemed to have an interest in the Shares held by Soon Tien Holdings by virtue of his holding more than 20% of the total issued shares in Soon Tien Holdings. In addition, Tony Tan is deemed to have an interest in the 400,000 Shares held by his wife, Tan Lay Peng.

(3) Our Independent Directors, Lee Sen Choon, Tan Siak Hee and Yap Kian Peng, will each be offered 200,000 Placement Shares at the Issue Price. In the event that they accept any or all of the Placement Shares offered to them, they may dispose of or transfer all or part of the Placement Shares allotted to them after the admission of our Company to the Official List of the SGX Sesdaq.

(4) Soon Tien Holdings is a company incorporated on 18 December 2004 under the laws of Singapore. It has an issued share capital of $1,000 divided into 1,000 ordinary shares. The directors of Soon Tien Holdings are Tony Tan, YH Tan, Sam Tan, Jenny Tan and Carol Tan. The shareholders of Soon Tien Holdings are Tony Tan (25.0%), YH Tan (25.0%), Sam Tan (25.0%), Jenny Tan (12.5%) and Carol Tan (12.5%).

(5) These four employees include our Executive Officers, Ng Kim Ying and Edward Chow, Tan Lay Peng, the wife of our Chairman and Chief Executive Officer, and Chong Yong Wei @ Chong Chai Hing. In recognition of their past contributions to our Group's growth, Tony Tan, YH Tan and Sam Tan had transferred an aggregate of 3,080,000 Shares to them at $0.21 per Share. Ng Kim Ying, Edward Chow, Tan Lay Peng and Chong Yong Wei @ Chong Chai Hing had received 1,600,000 Shares, 800,000 Shares, 400,000 Shares and 280,000 Shares, respectively. Under the terms of the transfer, Tan Lay Peng has undertaken not to sell, realise, transfer or otherwise dispose of any part of her interest in the Shares (adjusted for any bonus issue or subdivision of Shares) for a period of six months from the date of admission of our Company to the Official List of the SGX Sesdaq, and to retain at least 50% of her said interest (adjusted for any bonus issue or subdivision) for a period of six months thereafter. Ng Kim Ying, Edward Chow and Chong Yong Wei @ Chong Chai Hing have each undertaken not to sell, realise, transfer or otherwise dispose of more than 50% of their respective interest in the Shares (adjusted for any bonus issue or subdivision of Shares) for a period of six months from the date of admission of our Company to the Official List of the SGX Sesdaq.

Save as disclosed above, there are no other relationships among our Directors and Substantial Shareholders.

The Shares held by our Directors and Substantial Shareholders do not carry different voting rights from the New Shares.

Save as disclosed above, our Company is not directly or indirectly owned or controlled by any person or government, whether severally or jointly.

There is no known arrangement the operation of which may, at a subsequent date, result in a change in the control of our Company.

There has not been any public take-over offer by a third party in respect of our Shares or by our Company in respect of the shares of another corporation or the units of a business trust which has occurred between 1 January 2006 and the Latest Practicable Date.

Significant Changes in Percentage of Ownership

Save as disclosed under the "Restructuring Exercise" section of this Prospectus and the transfer of Shares by Tony Tan, YH Tan and Sam Tan to four employees as disclosed in Note (5) under the "Shareholders" section above, there were no significant changes in the percentage of ownership of shares in our Company during the last three financial years and up to the Latest Practicable Date.

MORATORIUM

To demonstrate their commitment to our Group, Soon Tien Holdings, Tony Tan, YH Tan, Sam Tan, Jenny Tan, Carol Tan and Tan Lay Peng, who collectively own 78,320,000 Shares, representing 72.5% of the issued share capital of our Company after the Invitation, have each undertaken not to sell, realise, transfer or otherwise dispose of any part of their respective interests in the issued share capital of our Company immediately after the Invitation (adjusted for any bonus issue or subdivision of Shares) for a period of six months from the date of admission of our Company to the Official List of the SGX Sesdaq, and to retain at least 50% of their respective said interests (adjusted for any bonus issue or subdivision of Shares) for a period of six months thereafter.

In addition, Tony Tan, YH Tan, Sam Tan, Jenny Tan and Carol Tan, who own in aggregate the entire issued share capital of Soon Tien Holdings, have each undertaken not to sell, realise, transfer or otherwise dispose of any part of their respective interests in Soon Tien Holdings for a period of 12 months from the date of admission of our Company to the Official List of the SGX Sesdaq.

The three employees, including our Executive Officers, Ng Kim Ying and Edward Chow, and Chong Yong Wei @ Chong Chai Hing, who received an aggregate of 2,680,000 Shares, representing 2.5% of the issued share capital of our Company after the Invitation, from Tony Tan, YH Tan and Sam Tan (as described in Note (5) under the "Shareholders" section of this Prospectus), have each undertaken not to sell, realise, transfer or otherwise dispose of more than 50% of their respective interests in the issued share capital of our Company immediately after the Invitation (adjusted for any bonus issue or subdivision of Shares) for a period of six months from the date of admission of our Company to the Official List of the SGX Sesdaq.

HISTORY

Our Company was incorporated on 18 December 2004 in Singapore under the Act as a private company limited by shares under the name "Soon Lian Pte. Ltd." and our name was subsequently changed to "Soon Lian Holdings Pte. Ltd.". Pursuant to the Restructuring Exercise, our Company became the holding company of our Group. On 14 November 2007, our Company was converted to a public company limited by shares and our name was changed to "Soon Lian Holdings Limited".

The origins of our Group can be traced back to 1983 when our founder, Tan Soon Tien, established SLH. We started operations in January 1984 from a 218 sq m office cum store, at 16 Lorong Ampas with seven staff including Tan Soon Tien and his children, Tony Tan, YH Tan, Sam Tan, Jenny Tan and Carol Tan. Our focus then was to supply a range of common grade aluminium alloy and stainless steel products mainly used in building construction, fabrication of signboards and canopies on trucks and lorries. Our customers were mainly in Singapore. We sourced our aluminium alloy and stainless steel products from other local stockists and resellers, as well as local agents of suppliers in Belgium, France, Hong Kong, Switzerland, Japan and Taiwan.

In the late 1980s, we observed increasing demand from our customers for customisation in the dimensions of aluminium alloy products. Capitalising on this new trend, we started to provide the required customisation services to differentiate us from our competitors. To expand our customer base, we began exporting to new markets such as Malaysia, Hong Kong and Thailand in 1988. In line with our business expansion, we rented a 300 sq m warehouse at Geylang Bahru for additional storage space.

In 1990, recognising the potential of the emerging marine and electronics industries, we shifted our focus from supplying to machine shops and the construction industry to the marine and electronics industries. To this end, we imported higher grade aluminium alloy products from leading manufacturers of aluminium alloy products, such as Alcoa. In 1992, we acquired a warehouse at 18 Tuas Avenue 10 and used a built-in area of approximately 1,200 sq m for additional storage.

In 1995, in order to expand our business and consolidate our operations at the same location, we acquired an office cum warehouse building at 8 Joo Koon Road with a built-in area of approximately 2,000 sq m. The larger warehousing space at the new premises allowed us to store a broader range and higher volume of aluminium alloy products to keep up with our business growth and meet the diverse needs of our customers.

To further penetrate the Malaysian market, we incorporated SLH Malaysia in Malaysia in 2000 to establish closer relationships with our customers through better services and to better understand the requirements of the Malaysian market. Our Company provides management and administration services to SLH Malaysia at a fee of $4,000 per month. The Malaysian market accounted for approximately 25.3%, 28.9% and 34.4% of our revenue in FY2004, FY2005 and FY2006, respectively.

To strengthen our market presence and enhance our corporate profile, we started participating in exhibitions in Malaysia and Thailand in 2001 and 2003, respectively. Recognising the importance of quality management systems in improving our internal processes and enhancing our customers' confidence in us, we put in place a stringent quality management system for our operations. As an endorsement of our quality management system, we were awarded the BS EN ISO 9001:2000, EN ISO 9001:2000 and ISO 9001:2000 certification in April 2002.

In a bid to strengthen our competitive edge, we actively sourced for distributorship arrangements with reputable principals. In 2003, we secured our first non-exclusive distributorship arrangement with Alcoa for MIC-6 and AA6061 range of aluminium products. In the same year, we also secured a distributorship agreement from Merrem for Triclad, a structural transition joint for joining steel and aluminium. In 2004, we were appointed by Hulamin (then known as Hulett Aluminium (Pty) Limited) as their approved stockist for Singapore, Indonesia, Malaysia and Thailand. In 2005, we were appointed by Alcan as their approved distributor for Sealium products.

As our business grew, we acquired a warehouse cum office building at 45 Joo Koon Circle with a built-in area of approximately 4,800 sq m and relocated from 8 Joo Koon Road to the new premises in 2004. We also rented part of the premises at 37 Joo Koon Road with a built-in area of approximately 1,400 sq m in 2004.

In 2005, in keeping with our strategy of capitalising on the growth of the marine industry, we began distributing aluminium honeycomb products which are used in ship cabin interior fittings, such as partitions, cabinets and other cabin furniture. We have since exported such aluminium honeycomb products to countries such as Malaysia and Sri Lanka.

In late 2005, we commenced the setting up of SLH Indonesia as a joint venture company with PT. Somagede Perkasa. It is intended that our Company will hold 60% of the equity in SLH Indonesia while PT. Somagede Perkasa will hold the remaining 40%. As at the Latest Practicable Date, the process for the incorporation of SLH Indonesia had not been completed.

In April 2006, SLH Malaysia acquired a semi-detached factory at Johor, Malaysia with a built-in area of approximately 860 sq m.

By early 2007, we have made further inroads in our overseas markets such as India, Pakistan, UAE and Vietnam, through customer visitation and participation in trade shows.

Revenue contribution from the marine industry grew significantly to 55.5% in HY2007, as a result of the increase in shipbuilding activities. In this regard, we have moved into providing our customers aluminium alloy products on a project basis, by undertaking to supply most of the requirements of aluminium alloy for their shipbuilding programme.

In October 2007, SLH Malaysia leased an office cum warehouse with a built-in area of approximately 800 sq m in Penang, Malaysia. This would enhance our responsiveness to the needs of our customers in the northern part of West Malaysia.

Since our inception, we have grown significantly in terms of revenue, staff strength and geographical reach. Our annual revenue increased from $1.4 million in 1984 to $31.0 million in 2006 and our staff strength increased from an initial seven to 47 as at 31 December 2006. As at the Latest Practicable Date, we had a customer base of over 1,000 customers from various industries located in more than 15 countries.

BUSINESS

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. Our sales to customers in the marine and precision engineering industries accounted for 89.0% of our revenue in FY2006. We also supply aluminium alloy products to other aluminium stockists and traders and customers in other industries. To provide customisation services, we employ a CNC underwater plasma cutting system and CNC high precision saws to cut the aluminium alloy products according to the dimensional specifications required by our customers.

The various grades of aluminium alloy products that we supply include AA1100, AA2024, AA5052, AA5083, AA6061 and AA7075 (please refer to "Our Products and Services" section of this Prospectus for details). The different grades of aluminium alloy products indicate variation in terms of the major alloying elements. Some common alloying elements include magnesium, manganese, silicon, zinc and copper. The different grades also indicate variation in properties in terms of tensile strength, corrosion resistance, stability and flatness tolerance. This system of classification is administered by The Aluminum Association, Inc. and is one of the most frequently used international standards.

Our quality aluminium alloy products meet the stringent requirements of our customers in the marine and precision engineering industries. These requirements include corrosion resistance, flatness tolerance, stability and tensile strength. We source our inventories of aluminium alloy products mainly from established manufacturers in the USA, South Africa, Singapore, India, Canada and PRC.

Our customers are located in Singapore, Malaysia, Indonesia, Philippines and other countries such as Australia, UAE, India, South Korea, PRC, Hong Kong, Thailand and Vietnam. In respect of local sales, we typically fulfil an order from our customer within two days of receiving the order. In respect of export sales, we typically fulfil an order from our customer within two weeks. The time required to fulfil an order for aluminium alloy products which were not in our inventory will typically be one to two days longer as we would have to source the stocks from other suppliers or stockists in Singapore.

OUR PRINCIPAL ACTIVITIES

We supply a wide range of aluminium alloy products, which cater to customers in the following industries:-

(a) Marine

Our aluminium alloy products are sold mainly to shipbuilders for use in the hulls, decks, superstructures as well as cabins of light crafts such as catamarans, pleasure crafts, crew boats, rescue boats and patrol boats. Such customers include Penguin Shipyard International Pte Ltd and NGV Tech Sdn Bhd. The hulls of ships are typically built using AA5083 grade of aluminium plates as they are resistant to corrosion by seawater. The superstructures of ships are usually built using AA6061 grade of aluminium extrusion products, such as rods, bars, tubes and extruded profiles, due to their high tensile strength. In addition, we also supply aluminium honeycomb products which are used in ship cabin interior fittings, such as partitions, cabinets and other cabin furniture.

The AA5083 grade of aluminium plates and, if required by our customers, the AA6061 grade of aluminium extrusion products are tested and inspected by an independent certification body such as DNV, Lloyd's and ABS to verify the quality of the products.

Some of the properties of aluminium alloy products required for marine applications include:-

(i) Light weight

The density of aluminium is approximately one-third that of steel. Although aluminium is usually strengthened by alloying elements such as magnesium and manganese to make it suitable as a structural material, the alloying elements constitute a small percentage of the

total material which enables aluminium alloys to retain their light weight characteristics. Thus, structures made of aluminium alloy products are generally lighter compared to similar structures made of steel. This allows increase in speed and enhances fuel economy.

(ii) High strength

The tensile strength of pure aluminium can be increased from about 90Mpa to more than 300Mpa with the addition of alloying elements, making it a suitable structural material for shipbuilding.

(iii) Corrosion resistance

Due to the aluminium oxide coating which is formed on the surface of the alloy, aluminium alloy products resist corrosion. This oxide coating could be made thicker through the process of anodisation. The high corrosion resistance of aluminium makes it suitable for the corrosive environment of the sea. Vessels made of aluminium alloy products require lesser maintenance and are therefore more durable.

(iv) Fire resistance

Aluminium is non-flammable and gives off no flammable vapour when heated. This is an important attribute especially for ships ferrying passengers and offshore oil and gas exploration platforms. Aluminium is recognised by and complies with the requirements of the High Speed Code of the International Maritime Organisation for vessel design, safety and control of fire risk.

Sales to customers in the marine industry accounted for approximately 27.2%, 37.5%, 44.4% and 55.5% of our revenue for FY2004, FY2005, FY2006 and HY2007, respectively.

(b) Precision engineering

The aluminium alloy products that we supply to the precision engineering industry are machined or manufactured into components and parts that are assembled into precision instruments, equipment for semiconductor manufacturing and automated assembly lines. Our customers in this segment include Alantac Technology Limited and UMS Semiconductor Pte Ltd.

The aluminium alloy products that we supply must meet the stringent quality specifications of our customers. As such, we source our range of quality aluminium alloy products from established manufacturers whose products have tight dimensional tolerance, do not distort during intricate machining operations, have good surface finishing, and could be easily cut, punched, drilled and machined using standard machining equipment.

Orders from our customers in the precision engineering industry are mainly for AA6061, AA2024 and AA7075 grades of aluminium sheets, plates and extruded profiles. Our customers in the precision engineering industry usually require aluminium alloy products in dimensions that are smaller than industry standard dimensions.

Some of the properties of aluminium alloy products required for precision engineering applications include:-

(i) Corrosion resistance

Due to the layer of aluminium oxide that forms on the surface of the alloy, aluminium alloy products are resistant to rust and hence deemed as a “clean” material suitable for cleanroom environment required for semiconductor manufacturing.

(ii) Machinability

Aluminium is ductile and thus could easily be machined into parts and components. This combined with its light weight property makes it suitable for machined parts and components used in precision instruments and semiconductor equipment as well as automated assembly lines.

(iii) Stability

Certain grades of aluminium alloy products such as AA2024, AA6061 and AA7075 are very stable which means that there is minimal distortion in the material even during intricate machining operations.

Sales to customers in the precision engineering industry accounted for approximately 55.0%, 48.4%, 44.6% and 32.8% of our revenue for FY2004, FY2005, FY2006 and HY2007, respectively.

(c) Others

Apart from the marine and precision engineering industries, our diversified customer base also includes trading companies such as other aluminium alloy product stockists and companies involved in general trading activities, as well as general engineering companies, oil tanker manufacturers and construction companies.

Sales to companies in this segment accounted for the remaining 17.8%, 14.1%, 11.0% and 11.7% of our revenue for FY2004, FY2005, FY2006 and HY2007, respectively. Specifically, sales to stockists and traders accounted for approximately 9.6%, 7.2%, 4.9% and 7.8% of our revenue for FY2004, FY2005, FY2006 and HY2007, respectively.

OUR PRODUCTS AND SERVICES

Some of the aluminium alloy products (classified according to industry standard specifications) that we supply include the following:-

Aluminium alloy products	*Characteristics*	*Applications*
AA1100	Good formability, weldability and corrosion resistance.	General purposes such as sign boards and packaging material.
AA2024	High strength, very good machining characteristics, non-weldable. Corrosion resistant only with cladding or other protection.	High strength fabricated or machined items in aircraft industries, general engineering, machinery, military equipment and truck wheels.
AA3105	General purpose alloy. Good workability, moderate strength, good corrosion resistance.	Sign stock, screen frame, fan blades, refrigerator panels, household appliances, storage tanks and automotive brackets.
AA5052	Medium strength, good weldability, formability and corrosion resistance.	Vehicle panelling, structures exposed to marine atmosphere, automotive parts, street lights, heavy duty cooking utensils, equipment for food processing, and automotive fuel tanks.
AA5083	Good weldability and corrosion resistance, very resistant to seawater and industrial atmosphere.	Shipbuilding, chemical apparatus, storage tanks, welded tank trailers, and machinery structures and tools.
AA6061	Medium strength alloy, good weldability and corrosion resistance. Used for intricate profiles.	Heavy duty structures in rail coaches, truck frames, shipbuilding, bridges, aircraft, piping, and towers. Transportation and boiler making.
AA7075	Heat treatable, very high strength, non-weldable, poor corrosion resistance.	High strength fabricated or machined items in aircraft industries, general engineering, machinery and truck wheels.

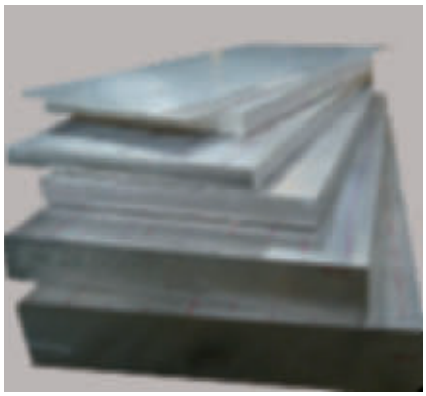
We also supply aluminium alloy products with unique chemical compositions such as the following:-

Aluminium alloy products	*Description*	*Applications*
MIC6	A cast aluminium plate produced by continuous casting and finished to close tolerance in all dimensions and thermally stabilised. Flatness tolerance is maintained within 0.005 inches on 0.75 inches to 4 inches thickness. MIC6 allows high-speed metal removal with little distortion that is common in other aluminium alloy products.	Aircraft tooling, automotive tooling, medical instrumentation, pharmaceutical machinery and robotics.
Alsoran, Aljade and Alhighce	Aluminium alloy products which have low warp tendency due to low residual tension. They are designed for production of parts and components which require high thickness and flatness tolerance.	Precision parts for electronic equipment, semiconductor equipment as well as mould parts.
Sealium	A patented product which offers higher welded yield strength and corrosion resistance than standard AA5083 aluminium alloy products. Sealium sheets/plates have been approved by major classification societies.	Hulls and superstructures of ships.
Triclad	Structural transition joints which are bimetallic strips or pads used to facilitate the joining of dissimilar metals by welding.	Join aluminium superstructures to steel decks, fit shelter decks to steel fishing boats and fit any other components, such as pillars, where a permanent joint is required between steel and aluminium.
QC-7	High strength aluminium mould plate with improved machinability, good weldability and fast finishing.	Moulds.
Fortal	High strength aluminium alloy containing zinc, magnesium and copper which offers optimal mechanical resistance, close tolerance and excellent dimensional stability.	Tooling base plates for die cutting, cutting and stamping tool parts, and mechanical parts requiring a high strength/weight ratio (such as robotics)

We have been appointed the authorised distributor of MIC6, Sealium and Triclad range of aluminium alloy products (please refer to the “Our Sourcing Arrangements” section of this Prospectus for more details).

The different grades of aluminium alloy products that we supply are available in a variety of forms such as sheet, plate, rod, bar, tube, wire and extruded profiles and in a wide range of dimensions. As at the Latest Practicable Date, we carried more than 1,200 different aluminium alloy products. The following are illustrations of some of the aluminium alloy products that we supply:-

(a) Sheets and plates



(b) Aluminium honeycomb products



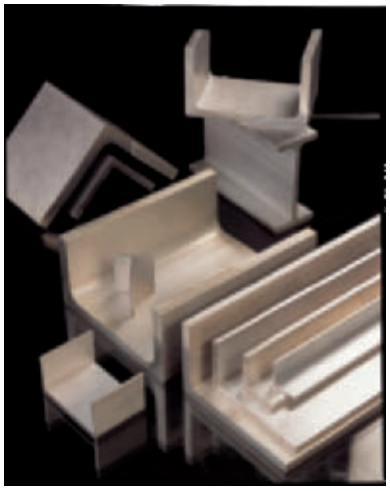
(c) Rods, bars and wires



(d) Tubes



(e) Extruded shapes



We also provide customisation services by employing a CNC underwater plasma cutting system and CNC high precision saws to cut the aluminium alloy products according to the dimensional specifications required by our customers. Our cutting service allows customers to focus on their core competence in shipbuilding or precision engineering and reduce or avoid additional investments in machines and equipment for cutting aluminium alloy products to the required dimensions.

We are equipped with a CNC underwater plasma cutting system, two CNC high precision saws and two fully automatic circular band saws to cut a wide range of aluminium alloy products in various forms such as plate, sheet, rod, bar, tube and extruded shapes, and dimensions. The following is a brief description of our cutting equipment:-

(a) CNC underwater plasma cutting system

The CNC underwater plasma cutting system utilises high-speed gas flow to cut materials measuring up to 51 mm thick, 3,600 mm wide and 10,000 mm long, immersed about two to three inches under water. It is ideal for cutting out frames and other complex shapes used in shipbuilding. The plasma cutting system produces squarer cuts and at higher speed, and is also capable of cutting irregular patterns with the input of an AutoCAD drawing. The cutting operation is controlled by a computerised control desk with programmable logic, which ensures high accuracy.

(b) CNC high precision saws

One of our CNC high precision saws is capable of cutting materials measuring up to 160 mm thick, 4300 mm wide and 4300 mm long while the other is capable of cutting materials measuring up to 80mm thick, 3300 mm wide and 3300 mm long. The CNC high precision saws are equipped with scissor clamps for material handling at the saw line as well as air floatation tables for easy material handling. The cross aligning fence, which is an adjustable machined steel fence for squaring up the materials when making cross cuts, and an aligning device in the roller table ensure high angular accuracy. The control desk, a programmable logic control with an integrated computer, controls the operations of the high precision cut-to-size saw.

(c) Fully automatic circular band saws

Our fully automatic circular band saws are capable of cutting materials with diameter, length or height of up to 560 mm. The programmable control of the equipment allows us to program multiple jobs with job number, number of cuts and cutting length, thus eliminating extensive set-up time.

OUR SOURCING ARRANGEMENTS

We source a wide range of aluminium alloy products from over 100 suppliers. We have secured authorised distributorships from producers of aluminium alloy products such as Alcoa, Alcan, Elval, Merrem, LB Aluminium and PT Sri Indah. In addition, we are an approved stockist of Hulamin for Singapore, Indonesia, Malaysia and Thailand. We do not have long-term supply contracts with our other suppliers. Details on our major suppliers are set out under the "Major Suppliers" section of this Prospectus.

The table below summarises the salient terms of the distributorship arrangements with Alcoa, Alcan, Elval, Merrem, LB Aluminium and PT Sri Indah:-

Name of principal	Year in which relationship commenced	Products	Term of existing appointment	Exclusivity	Territories
Alcoa	1990	North America Mill Product (MIC-6, Sheet and Plate); Alcoa Europe Flat Roll Product (Sheet and Plate); Alcoa Engineering Product USA (Rod and Bar)	Two years effective from January 2007 unless terminated	Non-exclusive	South East Asia
Alcan	1986	Sealium	Effective from February 2005 unless terminated	Non-exclusive	No restrictions
Elval	1986	Sheet and Plate	Effective from 10 August 2007 to 31 December 2008 unless terminated	Non-exclusive	South East Asia
LB Aluminium	2006	Aluminium extrusion	Effective from January 2007 to January 2011 unless terminated	Non-exclusive	Asia
Merrem	2001	Triclad aluminium/steel transition joints	Effective from September 2003 unless terminated	Exclusive	Singapore, Indonesia, Malaysia, Thailand and Philippines
PT Sri Indah	2004	Aluminium extrusion	Three years effective from 22 May 2007 unless terminated	Non-exclusive	Asia

Our distributorship arrangements with our principals are subject to review at the end of the tenure, where applicable. We have maintained good relationships with our principals over the years and have been renewing our distributorship arrangements with them since. The distributorship arrangement with Alcoa requires us to purchase a certain minimum quantity of each product in each year.

To the best of their knowledge, our Directors are not aware of any information or development which may result in the termination or non-renewal, when expired, of any of our distributorship arrangements or stockist status.

QUALITY ASSURANCE

Product Quality

Product quality is a critical success factor of our business. Our quality management system was awarded the BS EN ISO 9001:2000, EN ISO 9001:2000 and ISO 9001:2000 certifications in April 2002.

Under our quality management programme, we have implemented quality assurance measures and control checks to ensure that the products we supply meet our customers' specifications. The following are quality control procedures that we have implemented:-

Incoming

(a) We maintain an updated list of preferred suppliers in respect of product specification compliance, payment terms and competitive pricing. We review the list of preferred suppliers periodically through our dealings with them. For new suppliers who are located within the region, our sales and procurement staff visit their production facilities to inspect the quality of their products and to negotiate on the terms and pricing of the products. These visits are conducted prior to us placing orders with them. Due to our long history and reliable track record, we have established strong relationships with established global producers of aluminium alloy products such as Alcoa, Alcan, Elval, Hulamin, Merrem, LB Aluminium and PT Sri Indah.

(b) We conduct random sampling on every shipment of aluminium alloy products delivered to our warehouse. We visually inspect the physical condition of the aluminium alloy products for any damage, corrosion, or other deformations that could give cause to our customers to reject our products.

(c) For all incoming shipments of aluminium alloy products, we will ensure that they are accompanied by certificates issued by the manufacturers, which state the grade of aluminium, the chemical composition and mechanical properties. In addition, for aluminium alloy products which are used mainly by the marine sector, we also request for inspection certificates from independent certification bodies such as the DNV, Lloyd's and ABS to verify the quality of the products.

Cutting of Aluminium Alloy Products

As part of our customisation services, we cut aluminium alloy products to the dimensions required by our customers upon their request. Our machine operators are supervised and guided by our senior operators and supervisors in all our cutting operations. After the aluminium alloy product is cut, it will be inspected by the machine operator or supervisor to ensure good finishing and measured to ensure that it meets our customers' specifications.

Outgoing

Our delivery personnel and/or warehouse supervisors conduct pre-delivery checks to ensure that all products to be delivered to our customers meet the delivery instructions in terms of aluminium grade, quantity and size, all of which are provided by our sales department. Those products that do not meet the required specifications are immediately replaced. A copy of the certificate from the manufacturer or an independent certification body would also be given to the customer if requested.

Service Quality

We place strong emphasis on providing high quality service in the process of supplying our aluminium alloy products. As such, we strive to maintain a high level of responsiveness by understanding our customers' requirements and maintaining sufficient quantities and a wide range of aluminium alloy products. Please refer to the "Sales and Marketing" and "Inventory Management" sections of this Prospectus for more information.

SALES AND MARKETING

Our marketing efforts are spearheaded by our Director, YH Tan, who is assisted by our Regional Marketing Manager, Edward Chow, and a sales team comprising eight sales and marketing staff. We also sell our products through agents in Pakistan, Sri Lanka and South Korea who are more familiar with customers in their respective markets. However, our arrangement of selling through these agents is non-exclusive in nature.

Our sales team is based in Singapore and Malaysia. Our sales team is responsible for establishing and maintaining our customer relationships and securing sales orders from customers. We place strong emphasis on understanding the requirements of our customers and consistently providing them with aluminium alloy products that meet their requirements. Based on our understanding of the customers' requirements, we may also recommend suitable aluminium alloy products for their desired applications.

We do not have long-term supply contracts with our customers. For customers with projects which would be completed over several months or more than a year and who may place several orders of aluminium alloy products, our sales and marketing staff would maintain regular contact with these customers to keep apprised of the progress of the projects. This allows us to follow up closely with customers on subsequent orders of aluminium alloy products at various stages of their projects and assist them in planning their aluminium alloy products procurement. Currently, we also provide our customers in the marine industry with aluminium alloy products on a project basis, by undertaking to supply most of the requirements of aluminium alloy products for their shipbuilding programme.

Our management meet with our sales team regularly to review the performance of the sales and marketing staff. These regular meetings also allow our sales team to highlight to management issues or problems that they encounter and discuss strategies to resolve these issues or problems in a timely manner.

Our primary promotional activities consist of participation in major trade exhibitions as well as advertising in major business directories such as the Yellow Pages and trade directories in Singapore and regional countries. Some of the exhibitions in which we have participated include:-

(a) "Metaltech" – an annual international exhibition on metal working, machine tool, CAD/CAM, metrology, mould and die, surface and heat treatment, IA, robotics, precision engineering and welding technology held in Malaysia;

(b) "Thai MetalEx" – an annual international exhibition on machine tools and metalworking machinery held in Thailand;

(c) "Asia Pacific Maritime" – a biennale exhibition for the region's community, showcasing the latest in marine engineering and port technology;

(d) "Gulf Maritime 2006" – a maritime trade platform that is capable of meeting the complete sourcing requirements of the commercial, government, leisure, and military maritime industry in the Middle East; and

(e) "Asian Shipping and Work Boat 2007" – a conference and exhibition for the Asian shipping and work boat industry.

Through participation in trade exhibitions and print advertisements, we raise our corporate profile which we believe allows us to market our products and services to an international audience and at the same time, generate sales leads. We also receive enquiries from prospective customers through referrals from our suppliers and customers, and enquiries submitted through our Internet website. Our sales team follows up closely on these sales leads in order to convert them into successful sales.

EXCHANGE/RETURN POLICY

We generally do not allow any exchange or return of goods delivered unless it is due to manufacturing defects or defects arising out of errors on our part. In such instances, we will issue a credit note to our customers and where the defect is due to the manufacturer, we will claim against the supplier.

For the last three financial years ended 31 December 2006, our sales return had been relatively insignificant, amounting to less than $0.1 million for each financial year.

SEASONALITY

To the best of our Directors' knowledge, our business and operating results are not subject to significant seasonal influences that affect the demand for our aluminium alloy products.

INVENTORY MANAGEMENT

Our Director, Sam Tan, who is assisted by our Purchasing Manager, Carol Tan, oversees the procurement function of our Group, including sourcing for new products and new sources of aluminium alloy products. We maintain close contact with our suppliers, which enables them to provide us with updates on market developments such as trends in material prices, new aluminium alloy products and their uses. Our procurement staff also interacts regularly with our sales team to understand our customers' requirements. The regular feedback we obtain from our procurement team and sales team allows us to make better procurement decisions for our inventories planning.

We carry over 1,200 different aluminium alloy products in our warehouses. Currently, the delivery lead time for aluminium alloy products could take up to six months. We believe that having readily available inventories at all times and the ability to provide the products as and when they are required by our customers is a competitive advantage which differentiates us from our competitors. Our inventories levels are managed based on our projections of market demand and our sales orders. Our Director, Sam Tan, reviews the inventories levels regularly with our sales team, taking into consideration the prevailing supply and demand situation, to ensure that we have sufficient inventories on hand to meet confirmed and projected sales orders.

As at the Latest Practicable Date, we had four warehouses, two in Singapore and two in Malaysia, with a total warehousing floor area of approximately 6,100 sq m (details of our warehousing facilities are set out under the "Properties and Other Fixed Assets" section of this Prospectus).

Our inventories management strategy and policy is supported by our inventories management system which allows us to monitor and manage our inventories levels by tracking inventories movement from receipt of inventories to delivery to customers. Prior to the arrival of a new shipment of a particular aluminium alloy product, we conduct physical stocktake of our existing stock of the same item to verify the accuracy of our inventories records. We also conduct a complete physical stocktake at our warehouses on a yearly basis in the presence of our external auditors. This ensures the accuracy and reliability of the information captured in our inventories management system and also allows us to address any discrepancies in our inventories records.

Our inventories are measured at the lower of cost or net realisable value where cost is determined on a "first-in first-out" basis. Net realisable value represents 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. We do not face any significant risks of stock obsolescence as aluminium alloy products do not rust or corrode easily and accordingly, we do not make provisions for stock obsolescence.

Our inventories turnover for the last three financial years ended 31 December 2006 and the six months ended 30 June 2007 were as follows:-

	FY2004	FY2005	FY2006	HY2007
Inventories turnover (days)[1]	176	161	172	206

Note:-

(1) For the last three financial years ended 31 December 2006, average inventories turnover (days) = (average inventories/ cost of sales) x 365. For HY2007, average inventories turnover (days) = ((closing FY2006 balance + HY2007 balance)/2)/(cost of sales) x 183.

Our inventories turnover decreased from 176 days as at 31 December 2004 to 161 days as at 31 December 2005 due to lower level of inventories as a result of delay in the delivery of goods by our suppliers. As at 31 December 2006 and 30 June 2007, our inventories turnover increased to 172 days and 206 days respectively as we increased our purchases and our inventories level in view of the longer delivery lead time required by our major suppliers. The delivery lead time increased from the usual four months to approximately seven months towards the end of FY2006 as our major suppliers experienced an increase in demand mainly from the aerospace and power generation industries. Please refer to the "Trend Information" section of this Prospectus for more information.

There were no provisions made for stock obsolescence or slow-moving stocks and there were no stocks written-off during the last three financial years ended 31 December 2006 and for the six months ended 30 June 2007 as aluminium alloy products do not corrode during storage and aluminium alloy product prices had remained firm during those periods.

MAJOR SUPPLIERS

Our major suppliers which accounted for 5% or more of our purchases in any of the last three financial years ended 31 December 2006 and the six months ended 30 June 2007 are listed below. Suppliers that are related to one another have been grouped together and treated as a single supplier.

	Percentage of Purchases (%)			
Name of Suppliers	**FY2004**	**FY2005**	**FY2006**	**HY2007**
Alcoa	37.7	33.3	30.6	30.4
Hulamin	24.5	14.6	14.8	14.0
Elval Hellenic Alum Ind SA ("Elval")	1.8	–	4.4	9.3
LB Aluminium (Singapore) Pte Ltd ("LB Singapore")	–	–	2.2	6.7
Hindalco Industries Limited[1] ("Hindalco")	4.6	5.4	7.8	6.4
Kunshan Sk Aluminium Ind Co Ltd ("Kunshan")	–	–	–	5.0
AEI	7.0	8.2	9.7	2.7
PT Sri Indah	5.3	5.3	1.9	1.8
Alcan	1.1	10.3	5.5	1.0
Guangzhou Xing Hui Marine Engineering Co., Ltd ("Xing Hui")	0.1	2.6	5.1	0.2

Note:-

(1) Our purchases in FY2004 and FY2005 as well as part of our purchases in FY2006 were from Indian Aluminium Company Ltd, which became part of Hindalco in FY2006.

Among our major suppliers, we have distributorship arrangements with Alcoa, Alcan, Elval and PT Sri Indah and are an approved stockist for Hulamin. We do not have other sourcing arrangements with our other major suppliers. Our Directors believe that our business and profitability will not be materially affected by the loss of any single supplier or on any particular industrial, commercial or financial contract with any supplier as we are able to source for most aluminium alloy products of comparable quality from alternative suppliers. Our purchase decisions are driven primarily by factors such as business relationships, price, quality, delivery schedules and our customers' preference for certain products.

Our purchases from Alcoa, Alcan and Hulamin are primarily for AA5083 and AA6061 grades of aluminium alloy products that are used mainly in the marine and precision engineering industries. The amount of our purchases from Alcoa increased in line with the increase in our revenue in FY2005 and FY2006 but as a percentage of our total purchases declined from 37.7% in FY2004 to 33.3% in FY2005 and 30.6% in FY2006 due to the greater increase in amount of purchases from other suppliers made in FY2005 and FY2006. Our purchases from Hulamin decreased in FY2005 due to the unavailability of certain aluminium alloy products. We in turn sourced this product from Alcan, resulting in the increase in our purchases from Alcan in FY2005. Purchases from Alcan declined in FY2006 as we purchased more of the same products from Alcoa.

Our purchases from Elval increased in HY2007 as we purchased more aluminium alloy products due to better pricing.

Our purchases from AEI, Hindalco, Kunshan, LB Singapore and PT Sri Indah were mainly for extrusion products. Our purchases from AEI declined in HY2007 as we purchased more of the extrusion products from LB Singapore and Kunshan. Our purchases from Hindalco increased due to their ability to meet our requirement for larger extruded profiles and better pricing. Purchases from PT Sri Indah declined in FY2006 due mainly to the temporary suspension of their operations. Our purchases from Xing Hui comprised mainly aluminium honeycomb products for which we placed orders as and when requested by our customers. In HY2007, purchases from Xing Hui declined due to lower demand for honeycomb products from our customers.

To the best of their knowledge, our Directors are not aware of any information or arrangements which would lead to a cessation or termination of our current relationship with any of our major suppliers.

As at the date of this Prospectus, save for shares (not exceeding 5% shareholding interest) traded on a recognised stock exchange and held for investment, none of our Directors, Substantial Shareholders or their Associates has any interest, direct or indirect, in any of the above major suppliers. Tony Tan, YH Tan, Sam Tan, Jenny Tan and Carol Tan do not, collectively, hold more than 5% of the shares in any of the above major suppliers.

MAJOR CUSTOMERS

We have a wide customer base comprising over 1,000 customers in more than 15 countries. In the last three financial years ended 31 December 2006, more than 70% of our customers were from the marine and precision engineering industries. Our wide customer base ensures that we are not reliant on any particular customer.

We are committed to building close relationships with our customers and providing them with a high standard of customer service. These close relationships have led to a high level of repeat purchases from our customers. For the last three financial years ended 31 December 2006 and the six months ended 30 June 2007, more than 70% of our sales were made to repeat customers.

Our customers who accounted for more than 5% of our revenue in any of the last three financial years ended 31 December 2006 and the six months ended 30 June 2007 are as follows:-

Name of Customer	Business Sector	Percentage of Revenue (%) FY2004	FY2005	FY2006	HY2007
NGV Tech Sdn Bhd ("NGV")	Marine	nm	9.6	14.9	13.3
Penguin Shipyard International Pte Ltd ("Penguin Shipyard")	Marine	2.1	1.9	6.2	8.1
FBMA Marine Inc. ("FBMA")	Marine	5.8	4.9	0.2	7.3
UMS Semiconductor Pte Ltd ("UMS")	Precision Engineering	6.1	8.6	2.5	1.7

Our relationship with NGV commenced in October 2004. For the following two financial years and six months ended 30 June 2007, our sales to NGV increased in tandem with the increase in their shipbuilding activities.

Our sales to Penguin Shipyard increased in FY2005, FY2006 and HY2007 due mainly to new shipbuilding contracts secured by them.

Our sales to FBMA declined in FY2006 as a result of the completion of several of their shipbuilding projects. In HY2007, our sales to FBMA increased due to the commencement of their new shipbuilding projects.

UMS engages in the manufacturing of high precision components and electromechanical assembly and final testing. Our sales to UMS increased in FY2005 due to an increase in their business activities and our sales to them decreased in FY2006 and HY2007 as they were able to source for aluminium alloy products from other suppliers.

To the best of their knowledge, our Directors are not aware of any information or arrangement which would lead to a cessation or termination of our current relationship with any of our major customers. Our Directors are of the opinion that our business and profitability are currently not dependent on any particular industrial, commercial or financial contract with any customer.

As at the date of this Prospectus, save for shares (not exceeding 5% shareholding interest) traded on a recognised stock exchange and held for investment, none of our Directors or Substantial Shareholders or their Associates has any interest, direct or indirect, in the above major customers. Tony Tan, YH Tan, Sam Tan, Jenny Tan and Carol Tan do not, collectively, hold more than 5% of the shares in any of the above major customers.

CREDIT POLICY AND MANAGEMENT

We typically extend credit terms of between 30 and 90 days to our customers. However, credit terms given to our customers may vary from customer to customer, taking into consideration factors such as their payment track record, financial background, length of business relationship, frequency of purchase and the size of the transactions. We review the credit terms, including the credit period and limit, granted to customers periodically and any changes to the terms must be recommended by our Regional Marketing Manager, Edward Chow, and approved by our Director, YH Tan. New customers are generally required to pay cash on delivery. For our overseas customers, we would generally request for payment by way of letters of credit or payment in advance.

Our sales and finance staff monitor the payment status of customers closely and meet on a regular basis, and where necessary, follow-up with customers on overdue payments. If repeated reminders to settle overdue payments fail to yield results, we may issue letters of demand and proceed with legal action to collect the debts after considering factors such as the quantum of the debts and our relationship with the customers.

Our average trade receivables turnover for each of the last three financial years ended 31 December 2006 and the six months ended 30 June 2007 were as follows:-

	FY2004	FY2005	FY2006	HY2007
Average trade receivables turnover (days)[1]	79	68	82	103

Note:-

(1) For the last three financial years ended 31 December 2006, average trade receivables turnover (days) = (average trade receivables/revenue) x 365. For HY2007, average trade receivables turnover (days) = ((closing FY2006 balance + HY2007 balance)/2)/(revenue) x 183.

Our average trade receivables turnover declined from 79 days in FY2004 to 68 days in FY2005 due to the lower sales in the last quarter of FY2005 as compared to the last quarter of FY2004 mainly as a result of the delay in the delivery of stock by certain of our suppliers. In FY2006 and HY2007, our average trade receivables turnover increased to 82 and 103 days respectively, due to the higher revenue from some of our major customers in the marine industry who took a longer time to make payment in view of the nature of their industry. Our Directors are of the view that the increase in average trade receivables turnover days is not significant as the increase was due mainly to longer repayment period required by certain customers with good payment track records.

Provisions for impairment on trade receivables are made when the collectibility of an outstanding debt is in doubt. We perform ongoing credit evaluation of our debtors' financial condition. For customers with payments outstanding of more than 180 days, provision for impairment on trade receivables will usually be made on a case-by-case basis, depending on the creditworthiness of the customer at the relevant time.

Our provision for impairment on trade receivables as well as bad debts written off for each of the last three financial years ended 31 December 2006 and the six months ended 30 June 2007 were as follows:-

($'000)	FY2004	FY2005	FY2006	HY2007
Provision/(reversal) for impairment on trade receivables	258	(100)	105	(11)
Bad debts written off	–	–	12	–
Total	258	(100)	117	(11)

Our provision for impairment on trade receivables in FY2004 were mainly in respect of the outstanding amounts owed by a customer of approximately $0.2 million. We have ceased trading with this customer. The balance of the provision for impairment on trade receivables in FY2004 was due to long outstanding debts, which were overdue for more than one year as at 31 December 2004.

As at 31 December 2006, our provision for impairment on trade receivables amounted to $0.1 million. To the best of their knowledge, our Directors are not aware of any information or development, which may require us to make additional provisions for impairment on trade receivables. Our Directors are of the view that our provision for impairment on trade receivables is adequate. As at the Latest Practicable Date, approximately 95.9% of our trade receivables as at 31 December 2006 had been collected and we have made provision for $36,000 in respect of the balance 4.1% of the trade receivables. The Directors are of the opinion that the balance of the trade receivables are collectable as there have not been any bad debts associated with any of these customers in the last three financial years.

The majority of our suppliers are located overseas and payment to them is usually by way of letters of credit. We usually apply for bills payable (trust receipts of up to 180 days) when the letters of credit are due for payment. Some of our overseas suppliers extend to us credit terms of up to 90 days. Our local suppliers typically grant us credit terms of between 30 and 90 days after receipt of goods.

Our average trade payables turnover for each of the last three financial years ended 31 December 2006 and the six months ended 30 June 2007 were as follows:-

	FY2004	FY2005	FY2006	HY2007
Average trade payables turnover (days)[1]	166	174	152	184

Note:-

(1) For the last three financial years ended 31 December 2006, average trade payables turnover (days) = (average trade payables/ total purchases) x 365. For HY2007, average trade payables turnover (days) = ((closing FY2006 balance + HY2007 balance)/2)/(total purchases) x 183.

Our average trade payables turnover increased from 166 days in FY2004 to 174 days in FY2005 due to higher purchases made in the last two months of FY2005 as compared to FY2004. For similar reasons, trade payables turnover decreased from 174 days in FY2005 to 152 days in FY2006. Our average trade payables turnover days increased to 184 days as we utilised the longer credit period granted by some of our banks for our bills payable.

PROPERTIES AND OTHER FIXED ASSETS

We currently own the following properties:-

Location	Tenure	Land area (sq m)	Built-in area (sq m)	Net book value as at 31 December 2006 ($)	Use of property	Annual rental ($)
45 Joo Koon Circle, Singapore 629106	30 years leasehold from 1 April 1993 with an option to extend another 30 years	6,178	4,786	3.3 million	For office, workshop and warehouse	61,700[1]
No. 5 Jalan Gemilang 3, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor, Malaysia	Freehold	1,338	861	0.6 million	For office, workshop and warehouse	N.A.

Note:-

(1) Under the terms of our lease with Jurong Town Corporation, a monthly land rent, which is reviewed annually, is payable.

We also lease the following properties:-

Location	Tenure	Land area (sq m)	Built-in area occupied (sq m)	Use of property	Annual rental	Lessor
37 Joo Koon Road, Singapore 628989 (partial)	Two years from 1 July 2006 with an option to renew for a further one-year period	–	1,500	Warehouse	$204,000	Concentrate Engineering Pte. Ltd.(1)
21 Tuas View Loop, Singapore 637647	One year from 1 August 2007	–	–(2)	Workers' dormitory	$28,800	TSL 8Quarters Pte Ltd
Back portion of 2265, Jalan Bukit Minyak, 14100 Bukit Mertajam, Penang, Malaysia	Three years from 10 October 2007	–	800	Office and warehouse	MYR 114,000	Craft Metal Sdn Bhd

Notes:-

(1) Wholly-owned by Concentrate Holdings Pte. Ltd., which is in turn wholly-owned by our Directors, Tony Tan, YH Tan and Sam Tan, and our Executive Officers, Jenny Tan and Carol Tan, together with their parents, Tan Soon Tien and Lim Pick Jik. Our Directors, Tony Tan, YH Tan and Sam Tan, and our Executive Officers, Jenny Tan and Carol Tan, are directors of both companies.

(2) The lease is for a minimum of 20 bed spaces.

As at the Latest Practicable Date, our Directors are not aware of any breach of any obligations under the abovementioned tenancy agreements that would result in their termination by the lessor, or non-renewal when they expire.

As at the Latest Practicable Date, the warehousing space available to our Group had been fully utilised.

Our fixed assets comprising freehold properties, a leasehold property and improvement as well as plant and equipment had a net book value of approximately $8.0 million as at 31 December 2006. Pursuant to the Restructuring Exercise and on 30 November 2007, we completed the disposal of four properties at 16, 16B and 16D Lorong Ampas, GS Building, Singapore 328778 and 20A Lorong Ampas, GS Building, Singapore 328780 (which had an aggregate net book value of approximately $2.0 million as at 30 June 2007) to Soon Tien Investments. Details of our fixed assets can be found in the "Independent Auditors' Report on the Audited Combined Financial Statements of Soon Lian Holdings Limited" in Appendix A of this Prospectus. Details of our capital commitments are set out under the "Commitments" section of this Prospectus.

RESEARCH AND DEVELOPMENT

We do not carry out any research and development activities.

INTELLECTUAL PROPERTY

We have applied to register the following trade mark:-

Trade Mark	Class	Specification of services	Country	Status
	35	Import and export agencies relating to aluminium and metals	Singapore	Registered
	35	Import and export of aluminium and other materials	Malaysia	Pending

Save as disclosed, we do not own any intellectual property rights. Our business or profitability is not materially dependent on any patent, licence or new manufacturing process.

INSURANCE

In addition to the workmen's compensation insurance required by law, we have taken out group personal accident, and hospital and surgical insurance policies for our key employees. We have also taken out a key-man insurance policy for our Chairman and Chief Executive Officer, Tony Tan, as well as a policy to insure our Directors and us against claims from, *inter alia*, shareholders, customers and suppliers, arising from management errors.

We are also insured against public liability for accidental death or bodily injury to or illness or disease of any person and accidental loss of or damage to property arising out of and in the course of our business or operations. Our properties at 45 Joo Koon Circle, Singapore 629106, No. 5 Jalan Gemilang 3, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor, Malaysia and 2265 Jalan Bukit Minyak, 14100 Bukit Mertajam, our machineries, office furniture and other fixed assets as well as our inventories are insured against damage due to fire. Further, our property at 45 Joo Koon Circle, Singapore 629106 is insured against consequential loss. We have also taken out insurance for our fleet of lorries, forklifts and motor vehicles as well as our monies in transit and in our premises.

We are not insured against product liability as, to the best knowledge of our Directors, it is not a common practice to have such coverage in our industry. However, to minimise our product liability risk, we have implemented quality control measures to reduce or avoid incidences of defects in the aluminium alloy products that we deliver to our customers. Where the defects are due to the manufacturers, we will usually claim against our suppliers.

Our Directors believe that the coverage from our existing insurance policies is adequate for our current operations. However, any significant loss, whether as a result of fire or other causes, may still have a material adverse impact on our results of operations or financial condition. Our Directors review our Group's insurance coverage on a half-yearly basis.

COMPETITION

The industry in which we operate is intensely competitive due to the low level of differentiation of aluminium alloy products. As such, suppliers of aluminium alloy products generally compete on, among other things, price, product quality, service quality and timeliness in delivering the products.

To the best of our Directors' knowledge, our main competitors for the two main market segments of marine and precision engineering industries include Garmco (S) Pte Ltd. and Lian Cheong Hardware (Pte) Ltd.

To the best of our Directors' knowledge, there are no published sources with respect to our market share and industry statistics. As such, it is not possible for us to determine on a comparative basis the market share of our Group and our competitors.

COMPETITIVE STRENGTHS

We consider the following to be our competitive strengths:-

Established track record

We believe that we have established in the last 20 years a reputation as a reliable supplier of aluminium alloy products in the markets that we serve. We place strong emphasis on providing our customers with quality products and services, competitive pricing and timely delivery. This is achieved through our stringent quality management system, our strong relationships with various reputable aluminium alloy products suppliers and our good inventory management strategies and policies. We maintain sufficient quantity and a wide range of inventories to ensure a high level of responsiveness in meeting the requirements of our customers. We believe this has led to a high level of customer satisfaction and repeat business. For the last three financial years ended 31 December 2006 and the six-month period ended 30 June 2007, repeat customers accounted for more than 70% of our revenue.

Wide customer base in specialised industries

We have built a wide customer base with over 1,000 customers located in more than 15 countries. This strategy of building and maintaining a well-diversified customer base ensures that we are not overly reliant on any particular customer. We believe it has also increased the resilience of our operations, and is an effective strategy in managing our business risks.

We also focus on supplying quality aluminium alloy products to customers in the marine and precision engineering industries which we believe are relatively niche markets. Customers in these industries generally require aluminium alloy products from reputable manufacturers, with specifications such as high tensile strength and corrosion resistance. In addition, aluminium alloy products for these industries provide us with better profit margins compared to general purpose aluminium alloy products used in the construction industry such as cladding and signages.

Comprehensive range of readily available aluminium alloy products

We have a comprehensive range of over 1,200 different aluminium alloy products such as plates, sheets, bars, rods, tubes and extruded products in a wide range of specifications and dimensions. These aluminium alloy products are used mainly in the marine and precision engineering industries. We also have the capability to provide quality customisation services by employing a CNC underwater plasma cutting system and CNC high precision saws to cut the aluminium alloy products to precise dimensions and which may be non-industry standard sizes according to the requirements of our customers. We believe our comprehensive range of products and our effective inventory management strategies have enabled us to serve our customers' diverse requirements and ensured a high level of customer satisfaction.

Strong relationships with our major suppliers

Over the years, we have established strong business relationships with our major suppliers. Our relationships with our major suppliers such as Alcoa, Alcan, Elval and Hulamin had been established for at least ten years. We keep in regular contact with our major suppliers and they provide us with regular updates on market developments such as trends in material prices and new aluminium alloy products and their uses. Additionally, our suppliers offer us competitive pricing, reliable delivery and after-sales support, and refer new customers to us. As a testimony of our strong relationships, we have been awarded distributorships by producers of aluminium alloy products such as Alcoa, Alcan, Elval, Merrem, LB Aluminium and PT Sri Indah, and we have been appointed by Hulamin as an approved stockist.

Experienced and competent management team

We are led by an experienced management team, which possesses in-depth knowledge of the aluminium business. Our Directors, Tony Tan, YH Tan and Sam Tan, each has more than 20 years of experience in the business. Under their stewardship, we have grown over the years to become a reputable supplier of aluminium alloy products, with over 1,000 customers located in more than 15 countries. Our Directors are assisted by a team of Executive Officers who are entrusted with responsibilities covering different aspects of the business such as marketing, operations and finance. The qualifications and work experience of our Directors and Executive Officers are set out under the "Directors, Management and Staff" section of this Prospectus.

PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

PROSPECTS

Moving forward, barring unforeseen circumstances, our Directors believe that the outlook for our business will remain positive, based on the following developments and trends:-

Growth in demand from the marine industry

According to a report by the Organisation of the Petroleum Exporting Countries ("OPEC"), from 2004 to 2006, the price of crude oil has increased from an average of US$34.6 per barrel to US$60.3 per barrel[(1)]. For the first six months of 2007, the price of crude oil has remained firm at about US$59.8 per barrel[(1)]. The higher crude oil prices had provided the impetus for investments in oil and gas exploration and production. For instance, in 2005, the increased oil and gas exploration and production activities globally resulted in heightened demand for rescue boats and crew boats used in the offshore oil and gas industry, a niche market for Singapore shipyards.

World oil demand is projected to grow at a rate of 1.3 million barrels per day or 1.57% in 2007[(1)]. We believe the increase in the demand for oil will provide the impetus for oil and gas exploration and production activities, which will in turn result in greater demand for offshore oil and gas service vessels. The higher level of offshore oil and gas exploration and production activities would also have an effect on the marine industry such as driving the demand for patrol boats to strengthen maritime security. Our Directors believe these developments augur well for our customers in the marine industry in Singapore, Malaysia, Indonesia, Vietnam and UAE.

Growth in demand from the precision engineering industry

The demand for our aluminium alloy products is dependent on the end-market demand for our customers' products such as precision instrument, semiconductor manufacturing equipment and automated assembly lines, which are used mainly in manufacturing activities.

Our Directors believe that the precision engineering industry offers good growth potential for our business and demand for our aluminium alloy products is expected to increase in future due mainly to the growth in the economies of Southeast Asia, PRC and India.

TREND INFORMATION

Our Directors observed the following trends for FY2007:-

(a) For HY2007, our sales increased by 34.5% as compared to HY2006. The increase in sales was attributed to an 18.6% increase in sales volume and a 14.6% increase in our average unit selling price. Between July 2007 and September 2007, our average unit selling price increased by 1.1%. The average unit selling price of aluminium alloy products is expected to increase further due to strong demand from our customers mainly in the marine industry, and in line with the increase in our cost of aluminium alloy products.

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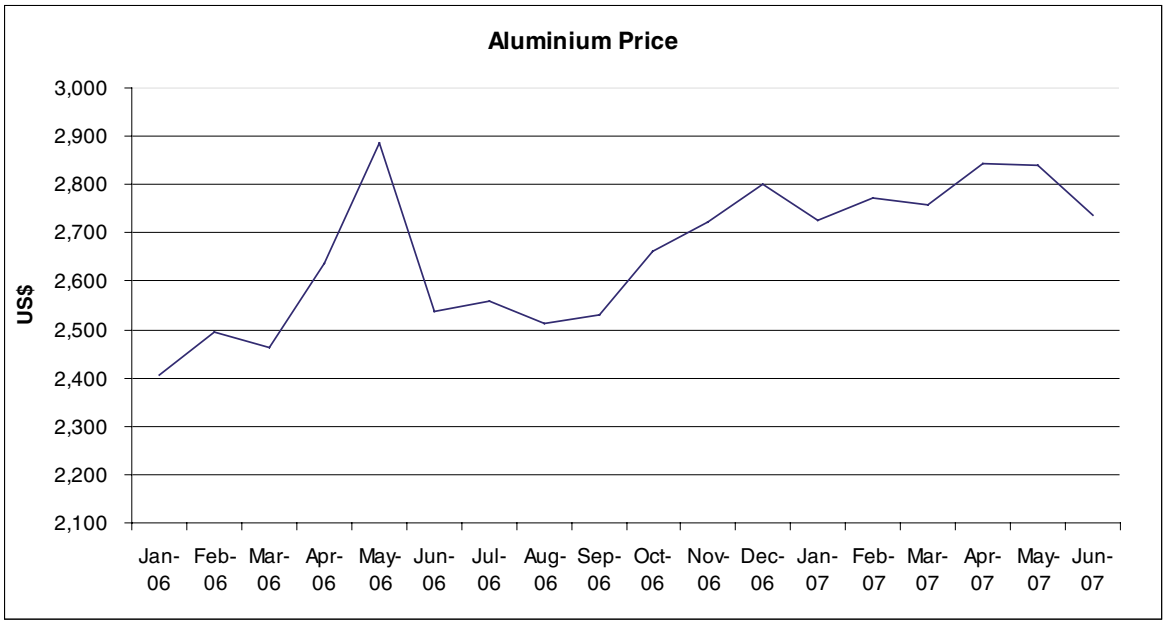
(1) This information was obtained from a report entitled "Monthly Oil Market Report" published by OPEC in June 2007. OPEC has not consented to the inclusion of the information extracted from the relevant report published by it in this Prospectus for the purpose of Section 249 of the SFA and is therefore not liable for such information under Sections 253 and 254 of the SFA. While we have taken reasonable steps to ensure that the information from the relevant publication published by the OPEC is extracted accurately and fairly and has been included in this Prospectus in its proper form and context, neither we nor any other party has conducted independent review of the information contained in such report nor verified the accuracy of the relevant information.

(b) For the first six months of FY2007, the price of aluminium on the London Metal Exchange had increased by approximately 6.9% from an average of US$2,600 in FY2006 to an average of US$2,780 for the six months ended 30 June 2007. The graph below shows the trend of aluminium prices on the London Metal Exchange for the period from January 2006 to June 2007:-



Source: Sumitomo Corporation (LME 3 months price)

Note:-

The above graph is drawn up based on the 3-months' price quoted on the London Metal Exchange as reported in the Sumitomo Corporation Aluminium Market report. Neither the London Metal Exchange nor Sumitomo Corporation has consented to the inclusion of the information extracted from the relevant report in this Prospectus for the purpose of Section 249 of the SFA and are therefore not liable for such information under Sections 253 and 254 of the SFA. While we have taken reasonable steps to ensure that the information from the relevant publication published by Sumitomo Corporation is extracted accurately and fairly and has been included in this Prospectus in its proper form and context, neither we nor any other party has conducted independent review of the information contained in such report nor verified the accuracy of the relevant information.

Being an internationally traded commodity, the price of aluminium is driven by global supply and demand conditions. Our Directors believe that the current trend of increasing aluminium prices and the premium charged by our suppliers is driven largely by competing demand from the global aerospace industry for construction of passenger planes to meet the increase in demand for global air travel. In addition, growth in PRC's demand for aluminium is expected to remain strong, reflecting strong growth in motor vehicle production and infrastructure development. In HY2007, our average unit cost of sales had increased by 9.1% due to the increase in aluminium price and an increase in the premium charged by our suppliers over and above the price of aluminium on the London Metal Exchange. Between July 2007 and September 2007, our average unit cost of sales had increased by approximately 5% due mainly to the continued increase in the premium charged by our suppliers. However, our average unit cost of sales is expected to remain stable for the rest of FY2007.

(c) Between 31 December 2006 and 30 June 2007, our level of inventories have increased from $13.9 million to $18.0 million. Between July 2007 and September 2007, our level of inventories had increased by approximately $2.0 million and is expected to increase further in line with our inventory management strategy, to the extent that we are able to increase our storage capacity as the warehousing space available to our Group had been fully utilised as at the Latest Practicable Date. In response to the increased delivery lead time for aluminium alloy products from four months in FY2006 to about seven months in the current financial year, we have increased our inventories holding to ensure that we have readily available supply to meet our customers' requirements. The longer delivery lead time reflected the continued strengthening of demand for

aluminium alloy products, and, in particular, competing demand from the rapidly growing aerospace industry. Such delivery lead time is expected to remain relatively unchanged. We expect our financing cost to increase in line with the higher rate of utilisation of credit facilities to finance the procurement of inventories.

(d) Our gross profit margin should remain relatively stable with the adjustment of our selling price in line with our increased costs. In the event that we are unable to adjust our selling price in line with our increased cost, our profitability will be affected.

Order Book

We generally do not receive long-term orders from customers for aluminium alloy products. As such, we do not have any significant order book. From 1 January 2007 to the Latest Practicable Date, our confirmed orders on hand amounted to approximately $39.7 million, of which $5.5 million remains to be fulfilled by the end of 2007.

Saved as disclosed above and in the "Risk Factors" and "Prospects" sections of this Prospectus, and barring unforeseen circumstances, our Directors believe that there are no other significant known recent trends in sales and inventories, in the costs and selling prices of our products, or other known trends, uncertainties, demands, commitments, or events that are reasonably likely to have a material effect on our revenue, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Prospectus to be not necessarily indicative of our future operating results or financial condition. Please also refer to the "Cautionary Note Regarding Forward-Looking Statements" section of this Prospectus.

BUSINESS STRATEGIES AND FUTURE PLANS

Extend our reach in Malaysia and establish a presence in Indonesia, Vietnam and UAE

We believe that markets such as Malaysia, Indonesia, Vietnam and UAE offer good growth potential in view of their growth in the last two years. We intend to increase our business development activities in these markets by participating actively in trade shows and other marketing and promotional activities.

We have an office cum warehouse in Johor Bahru, Malaysia to service customers in the precision engineering industry in Johor Bahru and its neighbouring states. We have also established an office cum warehouse in Penang in October 2007 to augment the marketing efforts of SLH Malaysia and garner a greater share of the Malaysian market. A presence in Penang will enhance our responsiveness to the needs of our customers in the northern part of West Malaysia.

We also intend to commence business in our Indonesia office in 2008. The office in Indonesia will focus on business development and increasing our sales to customers in the precision engineering industry in the country. In addition, we will be exploring the feasibility of establishing a presence in Vietnam and UAE in 2008.

We have earmarked approximately $0.7 million of our net proceeds from the issue of New Shares for these purposes.

Increase our range of aluminium alloy products and expand our warehousing capacity

We are a specialist supplier of more than 1,200 different aluminium alloy products including products such as MIC6, Sealium and Triclad. In line with our goals of expanding into new geographical markets and garnering greater market shares in existing markets, we intend to increase our range of types and sizes of aluminium alloy products so that we can better meet our customers' requirements. This will also enable us to keep abreast of trends and developments in the various industries that we serve and maintain a high level of responsiveness to our customers' needs. In addition, we also intend to increase our warehousing capacity to cater to our business expansion plans. We intend to increase our existing warehousing capacity of 6,100 sq m by between 5,000 sq m and 7,000 sq m by the end of 2008. To this end, we are exploring opportunities to acquire existing warehousing facilities or to construct such new facilities.

We have earmarked approximately $2.0 million of our net proceeds from the issue of New Shares for these purposes.

Broaden our customer base

Over the years, we have focused on building a well-diversified customer base. To-date, we have over 1,000 customers in various industries and located in more than 15 countries. Currently, our customers come mainly from the marine and precision engineering industries which in aggregate accounted for 89.0% of our revenue for FY2006.

To broaden our customer base, we will continue to actively develop customers in new overseas markets through participation in trade exhibitions, and advertising in major business directories and trade directories. Through such trade exhibitions and print advertisements, we believe that we will be able to enhance our profile regionally and reach out to a wider international audience. In addition, we intend to intensify our marketing activities to garner greater share in existing markets.

Expand our supplier base

We currently purchase our aluminium alloy products from more than 100 suppliers in countries such as the USA, South Africa, Singapore, India, Canada, Indonesia and PRC. Our major suppliers such as Alcoa and Alcan are among the largest manufacturers of aluminium alloy products in the world. We have distributorship arrangements with Alcoa and Alcan.

We will continue to focus on expanding our supplier base and securing new distributorships from other manufacturers. The new distributorships will be mainly for trademarked or patented, or new grades of quality aluminium alloy products designed for marine and precision engineering applications. We believe that a well-diversified supplier base is essential in maintaining a steady supply of suitable aluminium alloy products for our business. It also gives us the ability to source for various types of aluminium alloy products at the most competitive price by seeking quotes from different suppliers. This will in turn enable us to supply suitable aluminium alloy products to our customers at competitive prices, leading to a higher level of customer satisfaction and repeat business from these customers.

Expand our business through acquisitions, joint ventures and strategic alliances

We may also expand our businesses through acquisitions, joint ventures and strategic alliances that we believe will complement our current and future businesses. We believe that suitable acquisitions, joint ventures and strategic alliances will give us access to new markets and customers as well as new businesses. They will also bring about greater economies of scale and provide an impetus for our future growth. Currently, we are not engaged in any discussion with any party for acquisitions, joint ventures or strategic alliances. Should such opportunities arise, we will seek approval, where necessary, from our Shareholders and the relevant authorities as required by the relevant rules and regulations.

GOVERNMENT REGULATIONS

Save as disclosed below, our business operations are not subject to any special legislations or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Singapore and Malaysia and certain regulations governing foreign share ownership in Malaysia (please refer to the "Risk Factors" section of this Prospectus for details on regulations governing foreign share ownership in Malaysia). We have thus far not experienced any adverse effect on our business in complying with these regulations.

Singapore

Workplace Safety and Health (Registration of Factories) Regulations ("WSH Factories Regulations")

For premises that are carrying out the process of making any article or part of any article, and where mechanical power is used in connection with the making of any article, the occupiers or users of such premises are required by the Ministry of Manpower ("MOM") to register the premises as a "factory" with the Commissioner for Workplace Safety and Health ("CWSH") pursuant to the WSH Factories Regulations. Under the WSH Factories Regulations, occupiers or users of such premises must apply to the CWSH to register the premises as a "factory" one month before the work begins. A certificate of registration issued by the CWSH is valid for a period of one year and may be renewed subsequently upon the payment of a renewal fee. The CWSH may, instead of registering any premises as a "factory", issue a factory permit, with or without conditions, authorising the applicant to occupy the premises as a factory. A factory permit is valid for such period not exceeding six months as specified in the permit and may be extended subsequently for such period not exceeding six months as the CWSH may determine upon the payment of an extension fee.

We have obtained Certificate of Registration of a Factory under WSH Factories Regulations for our premises which is used as a factory at 45 Joo Koon Circle Singapore 629106 (with an expiry date of 30 June 2008).

Workplace Safety and Health Act (Chapter 354A) ("WSHA")

Under the WSHA, every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that the person at work has adequate instruction, information, training and supervision as is necessary for that person to perform his work. More specific duties imposed by the MOM on employers are laid out in the Workplace Safety and Health (General Provisions) Regulations ("WSHR"). Some of these duties include taking effective measures to protect persons at work from the harmful effects of any exposure to any bio-hazardous material which may constitute a risk to their health.

In addition to the above, under the WSHA, inspectors appointed by the CWSH may, *inter alia*, enter, inspect and examine any workplace and any machinery, equipment, plant, installation or article at any workplace, to make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with, to take samples of any material or substance found in a workplace or being discharged from any workplace for the purpose of analysis or test, to assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels of persons at work therein and to take into custody any article in the workplace which is required for the purpose of an investigation or inquiry under the WSHA.

Under the WSHA, the CWSH may serve a remedial order or a stop-work order in respect of a workplace if he is satisfied that (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work; (ii) any person has contravened any duty imposed by the WSHA; or (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work. The remedial order shall direct the person served with the order to take such measures, to the satisfaction of the CWSH, to *inter alia* remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work, whilst the stop-work order shall direct the person served with the order to immediately cease to carry on any work indefinitely or until such measures as are required by the CWSH have been taken to remedy any danger so as to enable the work in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

Employment of Foreign Manpower Act (Chapter 91A) ("EFMA")

The availability and the employment cost of skilled and unskilled foreign workers are affected by the Government's policies and regulations on the immigration and employment of foreign workers in Singapore. The policies and regulations are set out in, *inter alia,* the EFMA and the relevant Government Gazettes.

The employment of foreign workers is also subject to the payment of levies. The amount of foreign worker levy payable on each foreign worker (skilled and unskilled) ranges from S$50 to S$450 per month.

An employer of foreign workers is also subject to, *inter alia*, the provisions set out in the Employment Act (Chapter 91), the Immigration Act (Chapter 133) and the Immigration Regulations.

Strategic Goods (Control) Act (Chapter 300) ("SGCA")

Under the SGCA, the export of certain controlled goods are prohibited unless a permit issued by the Director-General of Customs has been obtained. Aluminium alloys capable of an ultimate tensile strength of 460 MPa or more at 20°C, in the form of tubes or cylindrical solid forms with an outside diameter of more than 75 mm, are controlled under the SGCA. We are thus obliged to apply for a permit if we export aluminium alloy products of the aforesaid specifications. As at the Latest Practicable Date, we had not exported any aluminium alloy products which required a permit under the SGCA.

Electricity Act (Chapter 89A) ("Electricity Act")

We hold licences issued by the Energy Market Authority under the Electricity Act and the Electricity (Electrical Installations) Regulations to use or operate an electrical installation at our premises at 45 Joo Koon Circle, Singapore 629106. Electrical installations are licensed to ensure that they are operated and maintained by licensed electrical workers, and are safe to use. In order to be granted the licence, we are required to appoint an appropriate class of licensed electrical worker to take charge of our electrical installation. Our appointed licensed electrical worker is required to inspect and test our electrical installation and issue a certificate of compliance in respect of our electrical installation. The licences are renewable on a yearly basis. Our current licence expires on 19 November 2007. As at the Latest Practicable Date, our licence under the Electricity Act has not been revoked. To the best of their knowledge, our Directors are not aware of any facts or circumstances that could cause the licence to be revoked or affect its renewal when it expires.

Malaysia

Occupational Safety and Health Act, 1994 ("OSHA")

OSHA contains provisions for securing the safety, health and welfare of persons at work, for protecting others against risks to safety or health in connection with the activities of persons at work, to establish the National Council for Occupational Safety and Health, and for matters connected therewith. Under the OSHA, various regulations such as the Occupational Safety And Health (Safety and Health Committee) Regulations 1996 and the Occupational Safety And Health (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease) Regulations 2004 have been passed.

The OSHA applies to various industries which includes manufacturing and wholesale and retail trades and sets out amongst others, the general duties of employers and self-employed person to their employees, general duties of designers, manufacturers and suppliers, general duties of employees and prohibition against use of plant or substance. Under Section 16 of the OSHA, it is provided that "Except in such cases as may be prescribed, it shall be the duty of every employer and every self-employed person to prepare and as often as may be appropriate revise a written statement of his general policy with respect to the safety and health at work of his employees and the organisation and arrangements for the time being in force for carrying out that policy, and to bring the statement and any revision of it to the notice of all his employees."

Under the OSHA, it is an offence to contravene any provision of the OSHA and the maximum general penalty on conviction (if no penalty is expressly provided) is a fine not exceeding MYR10,000 or to imprisonment for a term not exceeding one year or both, and in the case of a continuing offence, to a fine not exceeding MYR1,000 for every day or part of a day during which the offence continues after conviction. Where a corporate body contravenes a provision of the OSHA or any regulation made thereunder, certain officers of the company (directors, managers, secretaries and other like officers) at the time of contravention shall be deemed to have contravened the provision and guilty of the offence, and may be charged jointly or severally with the corporate body.

Factories and Machinery Act, 1967 ("FMA")

The FMA provides for the control of factories with respect to matters relating to the safety, health and welfare of persons therein, the registration and inspection of machinery and for matters connected therewith. Under the FMA, various regulations such as the Factories and Machinery (Safety, Health and Welfare) Regulations, 1970 (Revised-1983) and the Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations, 1970 have been passed.

There is a long and detailed definition of "factory" in the FMA, but essentially a factory is a place where manual labour is employed by way of trade for the purposes of gain or incidentally to a business.

Section 34(2)(a) of the FMA provides that, "No person shall except with the written permission of the Inspector begin to use any premises as a factory until one month after he has served on the Inspector a written notice in the prescribed form."

Further, Section 36(1) provides that,

"No person shall install or caused to be installed—

(a) any machinery in any factory; or

(b) any machinery in respect of which a certificate of fitness is prescribed,

except with the written approval of the Inspector."

Other regulations made under the FMA include the following:-

(a) Factories and Machinery (Noise Exposure) Regulations 1989. These regulations cover matters such as the permissible exposure limit, exposure monitoring, methods of compliance, hearing protection devices and audiometric testing programme.

(b) Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations 1970. These regulations provide, inter alia, for the notification of the operation of factory and use of machinery, the types of machinery which require certificates of fitness, and the procedures for the inspection of factories and machineries by Inspectors who are appointed pursuant to section 4 of the FMA.

Under the FMA, any person who contravenes the provisions of the FMA or any regulation made under the FMA shall on conviction of an offence be liable to a fine or imprisonment or to both.

EXCHANGE CONTROLS

We set out below a description of the exchange controls that exist in the jurisdictions in which we operate, namely, Singapore and Malaysia.

Singapore

The are currently no Singapore exchange control or similar laws, decrees, regulations or other legislation that may affect the following:-

(a) the import or export of capital, including the availability of cash and cash equivalents for us by our Group; and

(b) the remittance of dividends, interest or other payments to non-residential holders of our Group's securities.

Malaysia

In accordance with current Exchange Control Notices of Malaysia issued by Bank Negara Malaysia, foreign direct investors have the freedom to repatriate their investment including capital, profit and dividends without being subject to any levy. There are also no restrictions on the repatriation of interest and rental incomes. However, Bank Negara Malaysia requires the completion of a prescribed form and documentary evidence to be furnished to the remitting banks for any remittance or payment in foreign currency exceeding the equivalent of MYR50,000 to a non-resident.

INTERESTED PERSON TRANSACTIONS

Save as disclosed below and under the "Restructuring Exercise" section of this Prospectus, none of our Directors, Controlling Shareholders or their respective Associates (collectively, referred to as "Interested Persons") has any interest in any material transactions undertaken by our Group in the last three financial years ended 31 December 2006, the six months ended 30 June 2007 and up to the Latest Practicable Date (the "Relevant Period").

PAST TRANSACTIONS

Advances to Interested Persons

During the Relevant Period, we extended advances to the following Interested Persons:-

Company	Principal activities as at Latest Practicable Date	Purpose of advances
Concentrate Holdings Pte. Ltd.[1] ("Concentrate Holdings")	Investment holding	For working capital requirements. Prior to the Relevant Period, interest-free advances were extended to Concentrate Holdings to acquire Concentrate Singapore and Concentrate Malaysia
Concentrate Engineering Pte. Ltd.[2] ("Concentrate Singapore")	Property investment holding, and trading of new and reconditioned metal cutting equipment and saw blades	For working capital requirements
Concentrate Engineering (M) Sdn. Bhd.[2] ("Concentrate Malaysia")	Property investment holding	For working capital requirements
Fultech Industry Pte. Ltd.[3]	Trading of new and reconditioned metal cutting equipment and saw blades, and equipment servicing	To finance set-up costs and for working capital requirements
Fultech Industry (M) Sdn. Bhd.[4]	Trading of new and reconditioned metal cutting equipment and saw blades, and equipment servicing	To finance set-up costs

Notes:-

(1) Our Directors, Tony Tan, YH Tan and Sam Tan, and our Executive Officers, Jenny Tan and Carol Tan, are directors of the company and, together with their parents, Tan Soon Tien and Lim Pick Jik, own 100% equity interest of the company.

(2) Wholly-owned by Concentrate Holdings. Our Directors, Tony Tan, YH Tan and Sam Tan, and our Executive Officers, Jenny Tan and Carol Tan, are directors of each of the companies.

(3) Our Director, Tony Tan is a director of the company and owns 50% equity interest of the company.

(4) Our Directors, Tony Tan, YH Tan, Sam Tan, and our Executive Officers, Jenny Tan and Carol Tan, are directors of the company and, together with their parents Tan Soon Tien and Lim Pick Jik, own in aggregate 100% equity interest of the company.

The above advances were unsecured, interest-free and had no fixed repayment terms. As such, the advances were not granted on an arm's length basis.

The outstanding balances due from the aforementioned companies as at 31 December 2004, 31 December 2005, 31 December 2006, 30 June 2007 and the Latest Practicable Date, and the largest outstanding amount during the Relevant Period were as follows:-

	Outstanding balance as at					
($'000)	**31 December 2004**	**31 December 2005**	**31 December 2006**	**30 June 2007**	**Latest Practicable Date**	**Largest outstanding amount during Relevant Period[1]**
Concentrate Holdings	1,500	1,000	–	–	–	2,575
Concentrate Singapore	788	985	1,255	–	–	1,349
Concentrate Malaysia	536	585	586	–	–	633
Fultech Industry Pte. Ltd.	–	–	–	–	–	4
Fultech Industry (M) Sdn. Bhd.	13	12	n.m.	–	–	13
TOTAL	2,837	2,582	1,841	–	–	4,574

Note:-

(1) The largest outstanding amount during the Relevant Period is based on month-end balances.

As at the Latest Practicable Date, all outstanding amounts have been fully settled. We do not intend to provide any advances to the abovementioned companies in the future.

Provision of corporate guarantees to secure liabilities of Concentrate Singapore

During the Relevant Period, we provided a corporate guarantee for up to $2.7 million to OCBC to secure banking facilities extended to Concentrate Singapore. The banking facilities included overdraft, trade financing and long-term loan. During the Relevant Period, the largest amount secured by the corporate guarantee was $2.5 million. OCBC had agreed to release the said corporate guarantee subject to our Company obtaining written approval to list on the SGX Sesdaq. No fee was paid to us for the provision of the corporate guarantee. As such, the corporate guarantee was not provided on an arm's length basis.

We do not intend to provide any other corporate guarantee to Concentrate Singapore or any of the companies controlled by Interested Persons in the future.

Advances from Interested Persons

During the Relevant Period, our Directors, Tony Tan, YH Tan and Sam Tan, and our Executive Officers, Jenny Tan and Carol Tan, granted advances to our Group for expansion and working capital needs. The advances were unsecured, interest-free and had no fixed repayment terms. As such, the advances were not granted on an arm's length basis.

The aggregate outstanding balances due to the aforementioned Interested Persons as at 31 December 2004, 31 December 2005, 31 December 2006, 30 June 2007 and the Latest Practicable Date, and the largest outstanding amount during the Relevant Period were as follows:-

	Outstanding balance as at					
($'000)	**31 December 2004**	**31 December 2005**	**31 December 2006**	**30 June 2007**	**Latest Practicable Date**	**Largest outstanding amount during Relevant Period[1]**
Aggregate outstanding balances	–	436	98	–	–	1,112

Note:-

(1) The largest outstanding amount during the Relevant Period is based on month-end balances.

As at the Latest Practicable Date, all outstanding amounts have been fully settled. We do not intend to obtain any advances from Interested Persons in the future.

Sale of shares in SL Hardware (Thailand) Company Limited to our Chairman and Chief Executive Officer

On 12 September 2007, we transferred our entire 49.0% interest in the capital of SL Hardware (Thailand) Company Limited ("SLH Thailand") to our Chairman and Chief Executive Officer, Tony Tan, who is also a director of the said company. As the shares were unpaid at the time of transfer, the transfer consideration was $6,100, being the set-up cost of SLH Thailand which was paid by us. SLH Thailand has been dormant since its incorporation in December 2005 (please refer to the "Potential Conflicts of Interests" section of this Prospectus for further details on SLH Thailand).

The transfer was made on an arm's length basis.

Motor vehicles held on trust for our Company

Between 2003 and 2007, we purchased 11 motor vehicles which were registered under the names of our Executive Directors, Tony Tan, YH Tan and Sam Tan, our Executive Officers, Jenny Tan and Carol Tan, as well as Tan Lay Peng (the wife of our Chairman and Chief Executive Officer, Tony Tan) who hold these vehicles on trust for our Company (save for the licence plates of the vehicles which were paid for by the aforesaid persons). These motor vehicles are used by our Directors, Executive Officers and employees in the course of their duties and employment by our Group. The aggregate net book value of these vehicles as at 30 June 2007 was $0.9 million.

PRESENT AND ON-GOING TRANSACTIONS

Lease agreement with Concentrate Singapore

Concentrate Singapore engages in the trading of new and reconditioned metal cutting equipment and saw blades and also receives rental income from third parties and our subsidiary, SLH. It is a wholly-owned subsidiary of Concentrate Holdings. Our Directors, Tony Tan, YH Tan and Sam Tan, and our Executive Officers, Jenny Tan and Carol Tan, are directors of Concentrate Singapore and Concentrate Holdings, and they, together with their parents, own the entire share capital of Concentrate Holdings.

SLH has entered into a lease agreement with Concentrate Singapore for the rental of warehousing space for storage of our inventory at 37 Joo Koon Road, Singapore 628989. The aggregate rental paid to Concentrate Singapore for FY2004, FY2005, FY2006 and for the period from 1 January 2007 to the Latest Practicable Date was $48,000, $144,000, $168,000 and $165,000, respectively. This current lease agreement is valid for a period of two years commencing from 1 July 2006, with an option to renew for another year. Our Directors are of the view that the transaction was entered into on normal commercial terms and on an arm's length basis as the annual rental of $204,000 is comparable to the market rental rates for similar properties in the vicinity. Please refer to the "Properties and Other Fixed Assets" section of this Prospectus for further details on the leased property.

After the admission of our Company to the Official List of SGX Sesdaq, subsequent renewals of this lease agreement will be subject to the review procedures set out in the "Review Procedures for Future Interested Person Transactions" section of this Prospectus and Chapter 9 of the Listing Manual.

Transactions with Fultech Industry Pte. Ltd. ("Fultech Singapore")

Fultech Singapore is engaged in the trading of new and reconditioned metal cutting equipment and saw blades. Our Chairman and Chief Executive Officer, Tony Tan, is a director of the company and owns 50% equity interest of the company.

From time to time, our Group purchased cutting equipment spare parts and saw blades and sought equipment maintenance services from Fultech Singapore. We also utilised the space secured by Fultech Singapore at exhibitions and trade shows to promote our products and paid a fee to Fultech Singapore for such use. The amount of purchases from and fees paid by us to Fultech Singapore in FY2004, FY2005, FY2006, HY2007 and during the period from 1 July 2007 to the Latest Practicable Date were as follows:-

($'000)	FY2004	FY2005	FY2006	HY2007	From 1 July 2007 to the Latest Practicable Date
Purchase of cutting equipment spare parts, saw blades and maintenance services	n.m.	10	31	9	16
Use of exhibition space	–	4	–	12	–

Such transactions were conducted on an arm's length basis. We may continue with such transactions with Fultech Singapore where we derive commercial benefit. After the admission of our Company to the Official List of SGX Sesdaq, all transactions with Fultech Singapore will be subject to the review procedures set out in the "Review Procedures for Future Interested Person Transactions" section of this Prospectus and Chapter 9 of the Listing Manual.

Provision of personal guarantees and securities by Interested Persons

As at the Latest Practicable Date, our Directors, Tony Tan, YH Tan and Sam Tan, and our Executive Officers, Jenny Tan and Carol Tan, had provided joint and several personal guarantees and securities to secure facilities granted by banks and financial institutions to SLH or SLH Malaysia as follows:-

Bank/Financial institution	Type of facilities	Amount of facilities guaranteed/secured	Guarantee/security provided
United Overseas Bank Limited[1]	Overdraft, trade facilities, term loans and foreign exchange	$8.8 million	Joint and several guarantee by Tony Tan, YH Tan, Sam Tan, Jenny Tan and Carol Tan
OCBC Bank[1]	Overdraft, short-term loans, trade facilities, term loan and foreign exchange	$15.5 million	Joint and several guarantee by Tony Tan, YH Tan, Sam Tan, Jenny Tan and Carol Tan
DBS Bank Ltd	Overdraft, trade facilities and foreign exchange	$2.8 million	Joint and several guarantee by Tony Tan, YH Tan, Sam Tan, Jenny Tan and Carol Tan
Standard Chartered Bank	Overdraft and trade facilities	$4.0 million	Joint and several guarantee by Tony Tan, YH Tan, Sam Tan, Jenny Tan and Carol Tan
Bangkok Bank Public Company Limited	Overdraft, short-term loans, trade facilities and foreign exchange	$3.5 million	Joint and several guarantee by Tony Tan, YH Tan, Sam Tan, Jenny Tan and Carol Tan
ABN AMRO Bank N.V.	Short-term loan and trade facilities	$7.0 million	Joint and several guarantee by Tony Tan, YH Tan, Sam Tan, Jenny Tan and Carol Tan
Citibank, N.A	Overdraft and short-term facilities	$1.5 million	Joint and several guarantee by Tony Tan, YH Tan, Sam Tan, Jenny Tan and Carol Tan

Bank/Financial institution	Type of facilities	Amount of facilities guaranteed/secured	Guarantee/security provided
Malayan Banking Berhad	Overdraft, trade facilities, term loans and foreign exchange	$4.3 million	Joint and several guarantee by Tony Tan, YH Tan and Sam Tan
United Overseas Bank (Malaysia) Bhd	Term loan and trade facilities	MYR1.3 million	Joint and several guarantee by Tony Tan, YH Tan, Sam Tan, Jenny Tan and Carol Tan
UMF (Singapore) Limited	Hire purchase	$42,600	Guarantee by Jenny Tan
	Hire purchase	$31,950	Guarantee by Tony Tan
	Hire purchase	$42,600	Guarantee by Tony Tan

Note:-

(1) As at the Latest Practicable Date, the facilities granted by United Overseas Bank Limited were also secured by a mortgage of the property at 20A Lorong Ampas, GS Building, Singapore 328780 while the facilities granted by OCBC Bank were also secured by mortgages of the properties at 16, 16B and 16D Lorong Ampas, GS Building, Singapore 328778. Pursuant to the Restructuring Exercise, these properties would be disposed of by the Company to Soon Tien Investments which would continue to provide the said properties as securities for the said banking facilities.

The interest rates charged under the facilities ranged from 4.25% to 8.1%. The largest aggregate outstanding amount guaranteed by the above guarantors during the Relevant Period, based on month-end balances, was approximately $23.7 million. As at the Latest Practicable Date, the aggregate outstanding amount guaranteed by the above guarantors was approximately $23.7 million.

Subsequent to the Invitation, Tony Tan, YH Tan, Sam Tan, Jenny Tan, Carol Tan and Soon Tien Investments intend to procure the discharge of the above guarantees and securities. Should the terms and conditions of our existing facilities be affected by the withdrawals of the above guarantees and securities, our Directors are confident that with our listed status and strengthened financial position, we should be able to secure alternative bank facilities on terms similar to those applicable to the existing facilities. In the event that the banks do not agree to release Tony Tan, YH Tan, Sam Tan, Jenny Tan, Carol Tan and Soon Tien Investments from the above guarantees and securities, and we are unable to secure alternative bank facilities on similar terms, Tony Tan, YH Tan, Sam Tan, Jenny Tan, Carol Tan and Soon Tien Investments will continue to provide the relevant guarantees and securities until such time when we are able to secure alternative facilities on similar terms from other financial institutions.

Provision of legal services by S H Tan & Associates

Tan Siak Hee, our Independent Director, is a practising Advocate and Solicitor in Singapore and sole-proprietor of S H Tan & Associates. In FY2004, S H Tan & Associates acted for us in a litigation claim against a customer for the recovery of an outstanding amount. The amount paid to S H Tan & Associates for services rendered was $3,139.92. The fees paid to S H Tan & Associates were according to prevailing market rates. We may engage the services of S H Tan & Associates after the admission of our Company to the Official List of SGX Sesdaq and such transactions will be subject to the review procedures set out in the "Review Procedures for Future Interested Person Transactions" section of this Prospectus and Chapter 9 of the Listing Manual.

REVIEW PROCEDURES FOR FUTURE INTERESTED PERSON TRANSACTIONS

To ensure that future transactions with Interested Persons are undertaken on normal commercial terms and are consistent with our Group's usual business practices and policies, the following procedures will be implemented by our Group.

In relation to any purchase of products or procurement of services from Interested Persons above $100,000, quotes from at least two unrelated third parties in respect of the same or substantially similar type of transactions are to be used as bases for comparison wherever possible. The purchase price or procurement price shall not be higher than the most competitive price of the two comparative prices from the two unrelated third parties. The Audit Committee will review the comparables, taking into account, the suitability, quality and cost of the product or service and the experience and expertise of the supplier.

In relation to any sale of products or provision of services to Interested Persons above $100,000, the price and terms of two other completed transactions of the same or substantially similar type of transactions with unrelated third parties are to be used as bases for comparison wherever possible. The Interested Persons shall not be charged at rates lower than those charged to the unrelated third parties.

All interested person transactions above $100,000 are to be approved by a Director who shall not be an Interested Person in respect of the particular transaction. Any contracts to be made with an Interested Person shall not be approved unless the pricing is determined in accordance with our usual business practices and policies, consistent with the usual margin given or price received by us for the same or substantially similar type of transactions between us and unrelated third parties and the terms are no more favourable than those extended to unrelated third parties or no less favourable than those received from unrelated third parties, as the case may be.

For the purposes above, where applicable, contracts for the same or substantially similar type of transactions entered into between us and unrelated third parties are to be used as bases for comparison to determine whether the price and terms offered to or received from the Interested Person are no more favourable than those extended to unrelated third parties or no less favourable than those received from unrelated third parties, as the case may be.

In addition, we shall monitor all interested person transactions entered into by our Group by categorising the transactions as follows:-

(i) all Interested Person Transactions shall be approved by our Chief Financial Officer or a Director prior to entry. The Chief Financial Officer and the Director shall be persons who have no interest, directly or indirectly, in the transactions; and

(ii) for Interested Person Transactions where the value thereof amount to 3% or more of the latest audited NTA of our Group, we shall obtain the approval of the Audit Committee prior to entering into the transaction. Where an Audit Committee member has an interest (directly or indirectly) in the transaction, he shall abstain from participating in the review of the transaction.

When renting properties from or to an interested person, our Directors shall take appropriate steps to ensure that such rent is commensurate with the prevailing market rates, including adopting measures such as making relevant enquiries with landlords of similar properties, obtaining suitable reports or reviews published by property agents (as necessary), and obtaining independent valuation report by property valuer, where appropriate. The rent payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant enquiries.

All interested person transactions shall be subject to review by our Audit Committee on a half-yearly basis. We will prepare relevant information to assist our Audit Committee in its review. Our Audit Committee will include the review of interested person transactions as part of its standard procedures while examining the adequacy of our internal controls. Our Board will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with. In addition, such transactions will also be subject to Shareholders' approval if deemed necessary by the Listing Manual.

POTENTIAL CONFLICTS OF INTERESTS

INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS OR THEIR ASSOCIATES

None of our Directors, Controlling Shareholders or their Associates has any interest, direct or indirect, in any company carrying on the same business or dealing in similar products as our Group.

Notwithstanding the above, the following non-competition undertaking has been given:-

SL Hardware (Thailand) Company Limited ("SLH Thailand")

SLH Thailand is a company incorporated in Thailand. It has been dormant since its incorporation in December 2005.

Pursuant to the disposal of our 49.0% interest in SLH Thailand (please refer to the "Interested Person Transactions" section of this Prospectus for details), Tony Tan (our Chairman and Chief Executive Officer) holds 49.0% interest in SLH Thailand. The remaining 51.0% interest is held by unrelated third parties.

SLH Thailand has given an undertaking not to, and Tony Tan has given an undertaking to procure SLH Thailand not to, carry on the same business or deal in similar products as our Group, or carry on any business activity which is in competition, whether directly or indirectly, with our Group. In addition, Tony Tan has granted to our Company a call option to acquire his interest in SLH Thailand at cost. The call option will be exercised by our Company at such time when we decide to expand our operations into Thailand, upon the review and approval of our Audit Committee and in compliance with the provisions of Chapter 9 of the Listing Manual.

INTERESTS OF EXPERTS

None of the experts named in this Prospectus:-

(i) is employed on a contingent basis by our Company or any of our subsidiaries;

(ii) has a material interest, whether direct or indirect, in our Shares or in the shares of any of our subsidiaries; or

(iii) has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Invitation.

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

DIRECTORS

Our Directors are entrusted with the responsibility for the overall management of our Group. The particulars of our Directors are set out below:-

Name	Age	Address	Principal Occupation
Tony Tan[(1)]	43	27 Still Road, Singapore 423962	Chairman and Chief Executive Officer
YH Tan[(1)]	48	10-C East Coast Road, Singapore 428710	Executive Director
Sam Tan[(1)]	44	28 Jalan Punai, Singapore 418808	Executive Director
Lee Sen Choon	56	8B West Coast Walk, Singapore 127154	Certified Public Accountant
Tan Siak Hee	52	3 Rhu Cross, #12-04, Singapore 437433	Advocate and Solicitor
Yap Kian Peng	41	214A Yio Chu Kang Road, #02-19 Toho Garden, Singapore 545657	Executive Director of Capital Equity Holdings Pte Ltd, and CKG Chemicals Pte Ltd and its subsidiary, CKG Chemicals (HK) Limited

Note:-

(1) Tony Tan, YH Tan, Sam Tan and our Executive Officers, Jenny Tan and Carol Tan are siblings. All five of them are directors of Soon Tien Holdings, our Controlling Shareholder, and in aggregate own 100% of the company.

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of our Directors are set out below:-

Tony Tan, our Chairman and Chief Executive Officer, is responsible for the overall management, operations and the charting and reviewing of corporate directions and strategies of our Group. He has over 20 years of experience in the aluminium alloy products industry and has been instrumental in growing the business of our Group. Tony Tan 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 Tony Tan and his family. He oversaw the operations of both companies which were engaged in the business of manufacturing and trading of cement and clay bricks. Tony Tan received formal education up to GCE "O" Levels.

YH Tan, our Executive Director, is responsible for overseeing our sales and marketing initiatives in Singapore and overseas markets, and business development initiatives. He has over 20 years of experience in the aluminium alloy products industry and has been instrumental in expanding our Group's businesses in the various overseas markets. YH Tan has been with our Group since we commenced our operations in 1984 and was primarily responsible for sales and procurement. As our overseas market expanded, he relinquished his responsibilities in procurement to Sam Tan in 1995 to focus on sales and marketing. YH Tan received formal education up to GCE "O" Levels.

Sam Tan, our Executive Director, oversees the procurement of our Group. He also assists our Executive Director, YH Tan, in servicing the accounts of some local and overseas customers to keep abreast of the developments and trends in customers' demands. He has been with our Group since we commenced operations in 1984 and was primarily responsible for the operations of the Group. His responsibilities expanded to include overseeing our Group's procurement functions in 1995. Sam Tan received formal education up to GCE "O" Levels.

Lee Sen Choon was appointed as the Lead Independent Director of our Company on 31 October 2007. He is currently a partner of Messrs Lee Seng Chan & Co., a public accounting firm in Singapore. He has more than 20 years of experience in accounting, audit, taxation and corporate secretarial work. Lee Sen Choon is the Joint Secretary of the Board of Directors of Singapore Chinese High School and a member of the Board of Governors of Hwa Chong Institution. He is also a member of the School Advisory Committee of Xingnan Primary School. Lee Sen Choon is a member of the Institute of Chartered Accountants in England and Wales, and a practising member of the Institute of Certified Public Accountants of Singapore. Lee Sen Choon holds a Bachelor of Science (Honours) degree from the then Nanyang University and has a post-graduate diploma in Management Studies from the University of Salford, United Kingdom.

Tan Siak Hee was appointed as an Independent Director of our Company on 31 October 2007. He has been the sole-proprietor of Messrs S H Tan & Associates, a law firm in Singapore, for the past 23 years. Tan Siak Hee is a Commissioner for Oaths of the Supreme Court of Singapore. Tan Siak Hee holds a Bachelor of Laws (Honours) degree from the University of London and is a Barrister-at-Law from Lincoln's Inn, London, United Kingdom.

Yap Kian Peng was appointed as an Independent Director of our Company on 31 October 2007. Since 2005, he has been the executive director of Capital Equity Holdings Pte Ltd, a private equity investment company with interests in petrochemicals, food and beverage, logistics and manufacturing. In addition, since 2004, he has been the executive director of CKG Chemicals Pte Ltd and its subsidiary, CKG Chemicals (Hong Kong) Limited, in charge of their financing and accounting functions. He was employed by Maybank from 2001 to 2004, initially as a senior business development manager and subsequently promoted to be the team head of Trade Finance Business Development Group. From 1998 to 2000, Yap Kian Peng was a director of You Yi Glass Contractor Pte Ltd, a company engaged in the business of trading in glass sheets. He joined Oversea-Chinese Banking Corporation Limited in 1992 and when he left in 1998, he was an assistant manager at the bank. Yap Kian Peng graduated from RMIT University, Australia, with a Bachelor Degree in Business (Business Administration) in 1996. He is an Independent Director and the Chairman of the Audit Committee of China Bearing (Singapore) Ltd., a company listed on the SGX-ST and also an Independent Director of Travelite Holdings Ltd., a company listed on the SGX Sesdaq.

Save as disclosed above, none of our Directors are related to each other or to any of our Executive Officers or Substantial Shareholders.

Lee Sen Choon and Yap Kian Peng have prior experience as directors of public listed companies in Singapore. While Tan Siak Hee has no prior experience as a director of a public listed company in Singapore, he has advised various clients and given public talks on directors' roles, duties and responsibilities under the Act, in his capacity as a qualified lawyer. Our other Directors, Tony Tan, YH Tan and Sam Tan, do not have prior experience as directors of public listed companies in Singapore, but they have received relevant training to familiarise themselves with the roles and responsibilities of a director of a company listed on the SGX-ST.

Save as disclosed below and excluding the directorship held in our Company, none of our Directors currently holds or has held any directorships in the past five years preceding the date of this Prospectus:-

Name	**Present Directorships**	**Past Directorships**
Tony Tan	*Group Companies*	*Group Companies*
	Soon Lian Hardware (Pte.) Ltd. Soon Lian Hardware (M) Sdn. Bhd.	Nil
	Other Companies	*Other Companies*
	Concentrate Engineering Pte. Ltd. Concentrate Engineering (M) Sdn. Bhd. Concentrate Holdings Pte. Ltd. Fultech Industry Pte. Ltd. Fultech Industry (M) Sdn. Bhd. Soon Tien Holdings Pte. Ltd. Soon Tien Investments Pte. Ltd. SL Hardware (Thailand) Company Ltd	Soon Shen Enterprise Pte Ltd (struck off)

Name	Present Directorships	Past Directorships
Y H Tan	*Group Companies*	*Group Companies*
	Soon Lian Hardware (Pte.) Ltd. Soon Lian Hardware (M) Sdn. Bhd.	Nil
	Other Companies	*Other Companies*
	Concentrate Engineering Pte. Ltd. Concentrate Engineering (M) Sdn. Bhd. Concentrate Holdings Pte. Ltd. Fultech Industry (M) Sdn. Bhd. Soon Tien Holdings Pte. Ltd. Soon Tien Investments Pte. Ltd.	Nil
Sam Tan	*Group Companies*	*Group Companies*
	Soon Lian Hardware (Pte.) Ltd. Soon Lian Hardware (M) Sdn. Bhd.	Nil
	Other Companies	*Other Companies*
	Concentrate Engineering Pte. Ltd. Concentrate Engineering (M) Sdn. Bhd. Concentrate Holdings Pte. Ltd. Fultech Industry (M) Sdn. Bhd. Soon Tien Holdings Pte. Ltd. Soon Tien Investments Pte. Ltd.	Soon Shen Enterprise Pte Ltd (struck off)
Lee Sen Choon	*Group Companies*	*Group Companies*
	Nil	Nil
	Other Companies	*Other Companies*
	Best World International Limited Hor Kew Corporation Limited Kyodo-Allied Industries Ltd LSC & Brothers Pte Ltd LSC Management Consultants Pte Ltd Leta Enterprise Sdn Bhd Ming Hwa Industry Sdn Bhd Rokko Holdings Ltd. Shanghai LSC Management Consultants Co., Ltd Shanghai Welfare Group Co., Ltd Singapore Chinese High School Spiral Holdings Sdn Bhd Transco Sdn Bhd	Nil
Tan Siak Hee	*Group Companies*	*Group Companies*
	Nil	Nil
	Other Companies	*Other Companies*
	Nil	Nil

Name	Present Directorships	Past Directorships
Yap Kian Peng	*Group Companies*	*Group Companies*
	Nil	Nil
	Other Companies	*Other Companies*
	Agrow Development Pte. Ltd. Agrow Land Pte. Ltd. Cape View Pte. Ltd. Capital Equity Holdings Pte. Ltd. China Bearing (Singapore) Ltd. CKG Chemicals (HK) Limited CKG Chemicals Pte Ltd CKG Petrochemicals Pte. Ltd. (under members' voluntary winding-up) Travelite Holdings Ltd. Verdure Pte. Ltd.	Mezzoni Pte Ltd Intac Innovation Pte. Ltd.

None of our Directors had been appointed pursuant to any arrangement or understanding with a Substantial Shareholder, customer or supplier, save that our Executive Directors are directors and shareholders of our Controlling Shareholder, Soon Tien Holdings.

EXECUTIVE OFFICERS

Our Directors are assisted by a team of experienced and qualified team of Executive Officers, each responsible for different functions. The particulars of our Executive Officers are set out below:-

Name	Age	Address	Principal Occupation
Ng Kim Ying	51	5 Jalan Masjid #04-03 Singapore 418924	Chief Financial Officer
Jenny Tan[(1)]	47	28 Hillview Drive Singapore 669389	Operations and Administration Manager
Carol Tan[(1)]	45	339 Joo Chiat Place Singapore 428003	Purchasing Manager
Edward Chow	44	Blk 553 Pasir Ris Street 51 #11-107 Singapore 510553	Regional Marketing Manager

Note:-

(1) Jenny Tan and Carol Tan and our Directors, Tony Tan, YH Tan and Sam Tan are siblings. All five of them are directors of Soon Tien Holdings, our Controlling Shareholder, and in aggregate own 100% of the company.

Information on the business and working experience, education and professional qualifications, if any, and areas of responsibilities of our Executive Officers are set out below:-

Ng Kim Ying, our Chief Financial Officer, oversees our Group's financial reporting and is responsible for the overall financial management of our Group. She has over 20 years of experience in finance, accounting and audit and has direct working experience in accounts preparation under the Singapore Financial Reporting Standards. Prior to joining us in 1999, she was the financial controller of Chuan Soon Huat Industrial Group Limited, a company listed on the SGX-ST, from 1994 to 1998 where she oversees the financial and accounting matters of the company. Between 1981 and 1994, she was an auditor at Lee Seng Chan & Company, a local accounting firm. Ng Kim Ying holds a Bachelor of Commerce (Accountancy) from the then Nanyang University. She is a member of the Institute of Certified Public Accountants of Singapore.

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

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

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

Save as disclosed above, none of our Executive Officers are related to each other or to any of our Directors or Substantial Shareholders.

Save as disclosed below, none of our Executive Officers currently holds or has held any directorships in the past five years preceding the date of this Prospectus:-

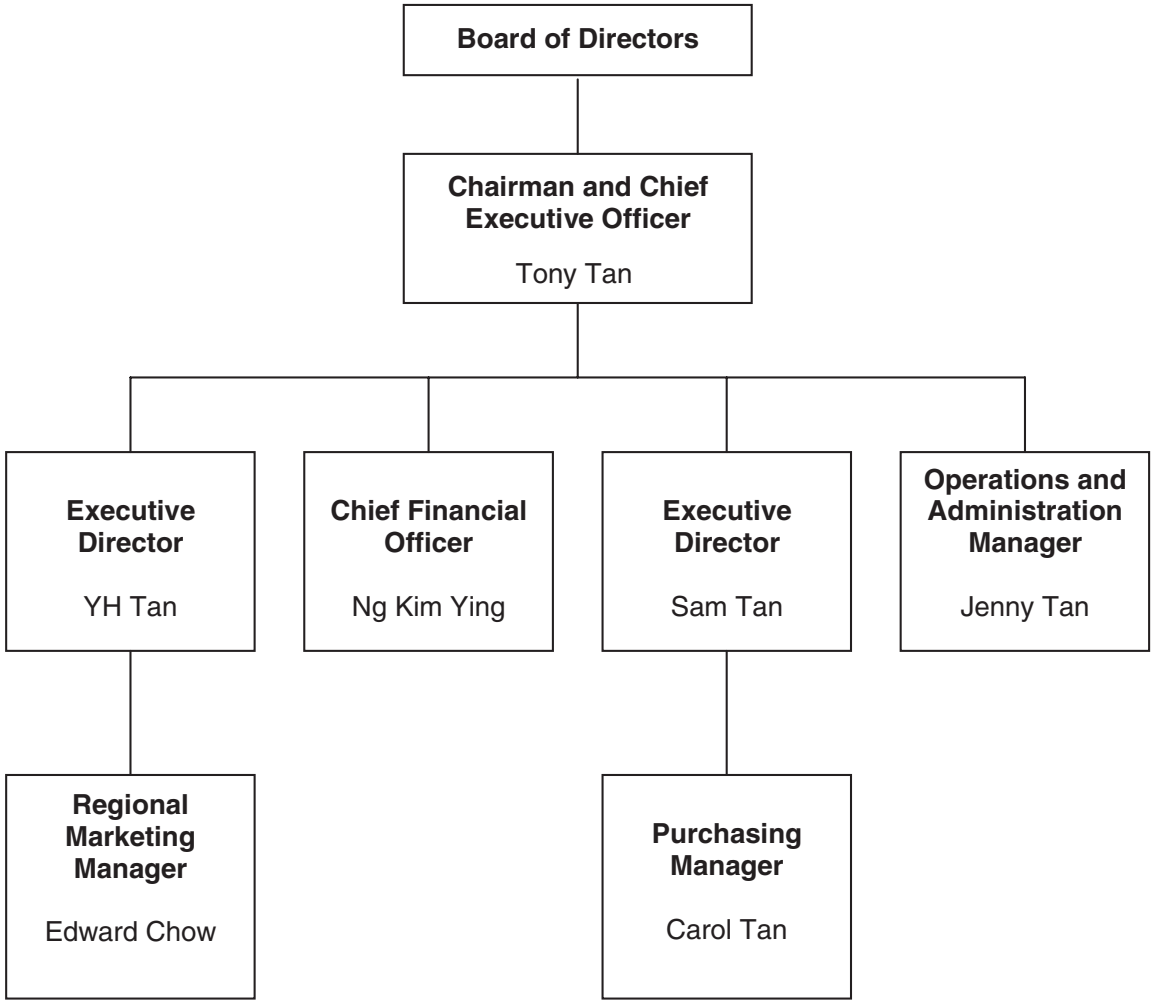
Name	**Present Directorships**	**Past Directorships**
Ng Kim Ying	*Group Companies*	*Group Companies*
	Nil	Nil
	Other Companies	*Other Companies*
	Nil	Nil
Jenny Tan	*Group Companies*	*Group Companies*
	Soon Lian Hardware (Pte.) Ltd. Soon Lian Hardware (M) Sdn. Bhd.	Nil
	Other Companies	*Other Companies*
	Concentrate Engineering Pte. Ltd. Concentrate Engineering (M) Sdn. Bhd. Concentrate Holdings Pte. Ltd. Fultech Industry (M) Sdn. Bhd. Soon Tien Holdings Pte. Ltd. Soon Tien Investments Pte. Ltd.	Nil
Carol Tan	*Group Companies*	*Group Companies*
	Soon Lian Hardware (Pte.) Ltd. Soon Lian Hardware (M) Sdn. Bhd.	Nil
	Other Companies	*Other Companies*
	Concentrate Engineering Pte. Ltd. Concentrate Engineering (M) Sdn. Bhd. Concentrate Holdings Pte. Ltd. Fultech Industry (M) Sdn. Bhd. Soon Tien Holdings Pte. Ltd. Soon Tien Investments Pte. Ltd.	Nil

Name	Present Directorships	Past Directorships
Edward Chow	*Group Companies*	*Group Companies*
	Nil	Nil
	Other Companies	*Other Companies*
	Nil	Nil

None of our Executive Officers had been appointed pursuant to any arrangement or understanding with a Substantial Shareholder, customer or supplier, save that Jenny Tan and Carol Tan are directors and shareholders of our Controlling Shareholder, Soon Tien Holdings.

MANAGEMENT REPORTING STRUCTURE

Our management reporting structure is set out below:-



STAFF

As at 30 June 2007, we had 52 full-time employees. The breakdown of our full-time employees by function and geographical location as at the end of the last three financial years ended 31 December 2006 and as at 30 June 2007 were as follows:-

	As at 31 December			As at 30 June
Function	**2004**	**2005**	**2006**	**2007**
Management	3	3	3	3
Sales and marketing	7	10	9	9
Procurement and operations	17	18	21	26
Finance and Administration	11	11	14	14
Total	38	42	47	52
Geographical Location				
Singapore	35	39	43	45
Malaysia	3	3	4	7
Total	38	42	47	52

We do not experience any significant seasonal fluctuations in our number of employees. The number of employees increased from 38 as at 31 December 2004 to 52 as at 30 June 2007 in tandem with the increase in our business. We do not employ a significant number of temporary staff.

Our employees are not unionised. There has not been any incidence of work stoppages or labour disputes that affected our operations. Accordingly, we consider our relationship with our employees to be good.

STAFF TRAINING AND DEVELOPMENT

We encourage our employees to attend training courses to upgrade their skills or keep up with developments in the industry. All new employees also undergo in-house orientation on our corporate philosophy, culture and policies.

We also provide on-the-job training for new staff to equip them with the necessary knowledge and practical skills to perform their tasks effectively. On-the-job training for machine operators is conducted by experienced supervisors and senior operators.

Since most of the training is conducted in-house and comprises mainly on-the-job training, the amount incurred in relation to staff training for the last three financial years ended 31 December 2006 has not been significant, amounting to less than $0.1 million for each financial year.

REMUNERATION OF DIRECTORS, EXECUTIVE OFFICERS AND RELATED EMPLOYEES

Directors and Executive Officers

The compensation paid to our Directors and Executive Officers (including benefits-in-kind and bonuses) for services rendered to us and our subsidiaries on an aggregate basis and in remuneration bands of $250,000 during FY2005 and FY2006 (being the last two most recent completed financial years) and the estimated remuneration payable in respect of FY2007 (excluding bonuses and any profit sharing) is as follows:-

Directors	FY2005	FY2006	FY2007 (estimated)
Tony Tan	Band A [1]	Band A	Band A
YH Tan	Band A	Band A	Band A
Sam Tan	Band A	Band A	Band A
Lee Sen Choon	–[2]	–[2]	Band A
Tan Siak Hee	–[2]	–[2]	Band A
Yap Kian Peng	–[2]	–[2]	Band A
Executive Officers			
Ng Kim Ying	Band A	Band A	Band A
Jenny Tan	Band A	Band A	Band A
Carol Tan	Band A	Band A	Band A
Edward Chow	Band A	Band A	Band A

Notes:-

(1) "Band A" refers to remuneration of up to $250,000.

(2) Not in our employment during the relevant periods.

Related Employees

As at the date of this Prospectus, there are four employees of our Group who are related to our Directors and Substantial Shareholders. They are Jenny Tan (our Executive Officer), Carol Tan (our Executive Officer), Tan Lay Peng (our Administration Manager) and Lee Pok (our Sales Executive). Jenny Tan and Carol Tan are the sisters of our Chairman and Chief Executive Officer, Tony Tan and our Executive Directors, YH Tan and Sam Tan. Tan Lay Peng is the wife of our Chairman and Chief Executive Officer, Tony Tan. Lee Pok is the husband of Carol Tan, our Executive Officer. The aggregate remuneration of the abovementioned related employees in FY2005 and FY2006, which included salary, bonus, CPF and benefits-in-kind, was less than $250,000. The basis of determining the remuneration of these related employees is the same as the basis of determining the remuneration of other unrelated employees.

The remuneration of employees who are related to our Directors and Substantial Shareholders will be reviewed annually by our Remuneration Committee to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotions for these related employees will also be subject to the review and approval of our Remuneration Committee. In addition, any new employment of related employees and the proposed terms of their employment will also be subject to the review and approval of our Nominating Committee. In the event that a member of our Remuneration Committee or Nominating Committee is related to the employee under review, he will abstain from the review.

Pension or retirement benefits

Save for CPF and similar fund contributions in Malaysia, we do not set aside or accrue any pension or retirement benefits for any of our employees.

SERVICE AGREEMENTS

Our Company has entered into Service Agreements with our Executive Directors, Tony Tan, YH Tan and Sam Tan (collectively, "the Appointees") dated 29 October 2007. Each Service Agreement is valid for an initial period of three years with effect from 1 January 2008. Upon the expiry of the initial period of three years, the employment of each Appointee shall be automatically renewed on a year-to-year basis on such terms and conditions as the parties may agree. During the initial period of three years, either party may terminate the Service Agreement by giving to the other party not less than six months' notice in writing, or in lieu of notice, payment of an amount equivalent to six months' salary based on the Appointees' last drawn monthly salary. Our Group may also terminate the employment of the Appointee without notice or payment in lieu of notice under the following circumstances:-

(i) if the Appointee is guilty of any gross default or grave misconduct in connection with or affecting the business of our Company;

(ii) in the event of any serious or repeated breach or non-observance by the Appointee of any of the stipulations contained in the Service Agreement;

(iii) if the Appointee becomes bankrupt or makes any composition or enters into any deed of arrangement with his creditors; or

(iv) if the Appointee shall become of unsound mind.

Pursuant to the terms of the respective Service Agreements, Tony Tan is entitled to receive a monthly salary of $23,000, YH Tan is entitled to receive a monthly salary of $18,000 and Sam Tan is entitled to receive a monthly salary of $16,000. Each of them is entitled to receive a fixed bonus of three month's salary per annum. Each of them will also be entitled to the use of a car provided by our Company and transport reimbursement for all expenses incurred in connection with the car, such as expenses for petrol, car park, maintenance and repair as well as road tax and car insurance.

The Appointees will also be paid a performance bonus for each financial year based on a percentage of our PBT, provided that our PBT is not less than $3.0 million for that financial year and that the Appointee is under the employment of our Group on the last day of that financial year. For this purpose, "PBT" shall refer to the audited consolidated profit before taxation of our Group (excluding extraordinary items and after taking into account the basic salary, fixed bonus and benefits-in-kind). The performance bonus that each Appointee will receive for each financial year will be determined as follows:-

	Amount of performance bonus		
PBT	**Tony Tan**	**YH Tan**	**Sam Tan**
Where PBT is equal to or more than $3.0 million but less than $6.0 million	3.0% of amount of PBT exceeding $3.0 million	1.0% of amount of PBT exceeding $3.0 million	1.0% of amount of PBT exceeding $3.0 million
Where PBT is equal to or more than $6.0 million but less than $10.0 million	$90,000 plus 4.0% of amount of PBT exceeding $6.0 million	$30,000 plus 2.0% of amount of PBT exceeding $6.0 million	$30,000 plus 2.0% of amount of PBT exceeding $6.0 million
Where PBT is equal to or more than $10.0 million	$250,000 plus 5.0% of amount of PBT exceeding $10.0 million	$110,000 plus 2.5% of amount of PBT exceeding $10.0 million	$110,000 plus 2.5% of amount of PBT exceeding $10.0 million

Under the Service Agreements, the remuneration of the Appointees is subject to review by the Remuneration Committee on the day falling one week from the Board's approval of the audited accounts for the immediate preceding financial year. The relevant Appointee shall abstain from voting in respect of any resolution or decision to be made by our Board in relation to the terms and renewal of his Service Agreement.

Under the Service Agreements, each Appointee has covenanted not to do business with any person who has done business with us or entice away any of our employees in connection with the carrying on of any business similar to or in competition with our business for 12 months after ceasing to be employed under

his Service Agreement. Each Appointee has also covenanted not to carry on any activity or business in competition with us within Singapore or any country in which we have operations or carried on business, for 12 months after ceasing to be employed under his Service Agreement.

Had the Service Agreements been in place with effect from 1 January 2006, the aggregate remuneration (including CPF contributions and other benefits) paid to the Appointees would have been approximately $1.0 million instead of approximately $0.5 million and our profit before tax would have been approximately $3.7 million, instead of $4.2 million.

Save as disclosed above, there are no other existing or proposed service agreements between our Company or our subsidiaries and any of our Directors or Executive Officers.

There is no existing or proposed service contract entered or to be entered into by our Directors with our Company or any of our subsidiaries which provide for benefits upon termination of employment.

BOARD PRACTICES

Term of office

Each of our Directors has served in office in our Company since the following dates:-

Name	Date of Commencement
Tony Tan	18 December 2004
YH Tan	18 December 2004
Sam Tan	18 December 2004
Lee Sen Choon	31 October 2007
Tan Siak Hee	31 October 2007
Yap Kian Peng	31 October 2007

An election of Directors by our Shareholders is held annually. One-third (or the number nearest to one-third) of our Directors are required to retire from office at each annual general meeting. Further, all our Directors are required to retire from office at least once in every three years. However, a retiring Director is eligible for re-election at the meeting at which he retires. Please refer to "Summary of Memorandum and Articles of Association of our Company" set out in Appendix F of this Prospectus for more details on the appointment and retirement of Directors.

CORPORATE GOVERNANCE

Our Directors recognise the importance of corporate governance and in the offering of high standards of accountability to our Shareholders. Accordingly, our Directors have established an Audit Committee, a Remuneration Committee and a Nominating Committee.

Lee Sen Choon is our Lead Independent Director. As Lead Independent Director, he is the contact person for Shareholders in situations where there are concerns or issues which communication with our Chairman and Chief Executive Officer or Chief Financial Officer has failed to resolve or where such communication is inappropriate.

Audit Committee

Our Audit Committee comprises Lee Sen Choon, Tan Siak Hee and Yap Kian Peng. The Chairman of the Audit Committee is Lee Sen Choon.

Our Audit Committee will assist our Board in discharging its responsibility to safeguard our assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in our Group. Our Audit Committee will provide a channel of communication between our Board, our management and our external auditors on matters relating to audit.

Our Audit Committee will meet periodically to perform the following functions:-

(a) 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;

(b) review the half-yearly and annual, and quarterly if applicable, financial statements and results announcements before submission to our Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;

(c) review the internal control procedures and ensure co-ordination between the external auditors and our management, and review the assistance given by our management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of our management, where necessary);

(d) 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 our Group's operating results or financial position, and our management's response;

(e) consider and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;

(f) review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;

(g) review potential conflicts of interest, if any;

(h) review all foreign exchange exposure hedging transactions and any formal hedging policies and procedures;

(i) undertake such other reviews and projects as may be requested by our Board, and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee; and

(j) generally undertake such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time.

Our Audit Committee will meet, at a minimum, on a half-yearly basis. In the event that a member of our Audit Committee is interested in any matter being considered by our Audit Committee, he will abstain from reviewing that particular transaction or voting on that particular resolution.

Remuneration Committee

Our Remuneration Committee comprises Lee Sen Choon, Tan Siak Hee and Yap Kian Peng. The Chairman of the Remuneration Committee is Yap Kian Peng.

Our Remuneration Committee will recommend to our Board a framework of remuneration for the Directors and Executive Officers, and determine specific remuneration packages for each Executive Director. The recommendations of our Remuneration Committee shall be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by our Remuneration Committee. In addition, our Remuneration Committee will perform an annual review of the remuneration of employees related to our Directors and Substantial Shareholders to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. They will also review and approve any bonuses, pay increases and/or promotions for these employees. Each member of the Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package or that of employees related to him.

Nominating Committee

Our Nominating Committee comprises Lee Sen Choon, Tan Siak Hee and Yap Kian Peng. The Chairman of the Nominating Committee is Tan Siak Hee.

Our Nominating Committee will be responsible for:-

(a) reviewing and recommending the nomination or re-nomination of our Directors having regard to the Director's contribution and performance;

(b) determining on an annual basis whether or not a Director is independent;

(c) assessing the performance of the Board and contribution of each Director to the effectiveness of the Board; and

(d) review and approve any new employment of related persons and the proposed terms of their employment.

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

CLEARANCE AND SETTLEMENT

Upon listing and quotation on the SGX Sesdaq, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of our Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct securities account holders and Depository Agents in the Depository Register maintained by CDP, rather than CDP itself, will be treated, under our Articles of Association and the Act, as members of our Company in respect of the number of Shares credited to their respective Securities Accounts.

Persons holding our Shares in Securities Account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will, however, not be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be prima facie evidence of title and may be transferred in accordance with our Articles of Association. A fee of $10 for each withdrawal of 1,000 Shares or less and a fee of $25 for each withdrawal of more than 1,000 Shares is payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of $2 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of $10 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or $0.20 per $100 or part thereof of the last transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective Securities Accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of $10 is payable upon the deposit of each instrument of transfer with CDP.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired. No transfer stamp duty is currently payable for the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.04% of the transaction value subject to a maximum of $600 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore goods and services tax of 7%.

Dealings of our Shares will be carried out in Singapore Dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct account with CDP or a sub-account with a CDP agent. The CDP agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

GENERAL AND STATUTORY INFORMATION

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Save as disclosed below, none of our Directors, Executive Officers or Controlling Shareholders:-

   (a) had at any time during the last ten years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;

   (b) had at any time during the last ten years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

   (c) has any unsatisfied judgment against him;

   (d) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty, which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

   (e) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;

   (f) had at any time during the last ten years, judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

   (g) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

   (h) has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

   (i) has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity; or

   (j) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-

      (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

      (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or

(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

(k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

In 1997, summons were issued against our Executive Directors, Tony Tan, YH Tan and Sam Tan, and our Executive Officers, Jenny Tan and Carol Tan, as directors of SLH, in respect of failure by SLH to hold its annual general meeting and file its annual return within the requisite period. The offences were committed when SLH failed to hold its annual general meeting by 31 December 1996 and file its annual return by 31 January 1997, in respect of its financial year ended 28 February 1995. At the court hearing, the defendants were discharged amounting to acquittal and each of them paid a composition fine of $300. The offences were committed as the defendants were not familiar with the compliance requirements at that time. As a result, SLH also received summons from the Inland Revenue Authority of Singapore for late filing of return of income and audited accounts for years of assessment 1994, 1995, 1996, 1997 and 1998, for which the company was fined $150, $675, $900, $1,000 and $1,000, respectively.

SHARE CAPITAL

2. Save as disclosed under the "Restructuring Exercise" section of this Prospectus and below, there were no changes in the issued and paid-up share capital of our Company or our subsidiaries within the three years preceding the date of this Prospectus:-

Company	Date of issue	Number of shares issued	Issue price of each share	Purpose of issue/ nature of consideration	Resultant issued share capital
Soon Lian	30 October 2007	5,839,000	$1.00	Restructuring Exercise	$6,189,000
SLH Malaysia	22 December 2004	99,998	MYR1.00	Additional working capital/cash	MYR100,000
	6 December 2005	200,000	MYR1.00	Additional working capital/cash	MYR300,000
	20 October 2006	200,000	MYR1.00	Additional working capital/cash	MYR500,000

3. Save as disclosed above and in the "Restructuring Exercise" section of this Prospectus, no shares in, or debentures of, our Company or any of our subsidiaries had been issued, or were proposed to be issued, as fully or partly paid for in cash or for a consideration other than cash, within the three years preceding the date of this Prospectus.

MATERIAL CONTRACTS

4. The following contracts, not being contracts entered into in the ordinary course of business of our Group, have been entered into by our Company and our subsidiaries within the two years preceding the date of lodgement of this Prospectus and are or may be material:-

   (a) an agreement for sale and purchase dated 29 October 2007 made between SLH and Soon Tien Investments pursuant to which SLH sold the properties at 16, 16B and 16D Lorong Ampas Singapore 328778 and 20A Lorong Ampas Singapore 328780 at the aggregate price of $3.0 million;

   (b) a share sale and purchase agreement dated 29 October 2007 made between our Company and the then shareholders of SLH pursuant to which our Company acquired SLH from the said shareholders for $8,444,000; and

   (c) a share sale and purchase agreement dated 29 October 2007 made between our Company and the then shareholders of SLH Malaysia pursuant to which our Company acquired SLH Malaysia from the said shareholders for $395,000.

LITIGATION

5. There are no legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have or have had during the last 12 months before the date of this Prospectus, a material effect on our Group's financial position or profitability.

MISCELLANEOUS

6. Our Directors currently have no intention of changing the auditors or appointing joint auditors of the companies in our Group after the listing of our Company.

7. Save as disclosed under "Subsequent Events" in the "Independent Auditors' Review Report on the Unaudited Combined Financial Statements of Soon Lian Holdings Limited" in Appendix B of this Prospectus, our Directors are not aware of any event which has occurred since 30 June 2007 which may have a material effect on the financial information provided in Appendix B of this Prospectus.

CONSENTS

8. The Auditors and Reporting Accountants have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of the "Independent Auditors' Report on the Audited Combined Financial Statements of Soon Lian Holdings Limited", the "Independent Auditors' Review Report on the Unaudited Combined Financial Statements of Soon Lian Holdings Limited" and the "Independent Auditors' Report on the Unaudited Pro Forma Combined Financial Information of Soon Lian Holdings Limited" in the form and context in which they are respectively included and references to their name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.

9. Phillip Securities Pte Ltd has given and has not withdrawn its written consent to being named in this Prospectus as the Issue Manager, Underwriter and Placement Agent.

10. Each of the Issue Manager, Underwriter and Placement Agent, the Solicitors to the Invitation, the Share Registrar, the Principal Bankers and the Receiving Bank does not make or purport to make any statement in this Prospectus and are not aware of any statement in this Prospectus which purports to be based on a statement made by it and each of them makes no representation regarding any statement in this Prospectus and, to the extent permitted by law, takes no responsibility for any statement in or omission from this Prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

11. Copies of the following documents may be inspected at the registered office of our Company at 45 Joo Koon Circle, Singapore 629106 during normal business hours for a period of six months from the date of this Prospectus:-

    (a) the Memorandum and Articles of Association of our Company;

    (b) the "Independent Auditors' Report on the Audited Combined Financial Statements of Soon Lian Holdings Limited" as set out in Appendix A of this Prospectus;

    (c) the "Independent Auditors' Review Report on the Unaudited Combined Financial Statements of Soon Lian Holdings Limited" as set out in Appendix B of this Prospectus;

    (d) the "Independent Auditors' Report on the Unaudited Pro Forma Combined Financial Information of Soon Lian Holdings Limited" as set out in Appendix C of this Prospectus;

    (e) the material contracts referred to in paragraph 4 above;

    (f) the letters of consent referred to in paragraphs 8 and 9 above;

    (g) the Service Agreements; and

    (h) the audited financial statements of all companies within our Group for FY2004, FY2005 and FY2006.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS

12. This Prospectus has been seen and approved by our Directors and they collectively and individually accept full responsibility for the accuracy of the information given in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Prospectus are fair and accurate in all material respects as at the date of this Prospectus and that there are no other facts the omission of which would make any statements herein misleading, and that this Prospectus constitutes full and true disclosure of all material facts about the Invitation and our Group.

INDEPENDENT AUDITORS' REPORT ON THE AUDITED COMBINED FINANCIAL STATEMENTS OF SOON LIAN HOLDINGS LIMITED

3 December 2007

The Board of Directors
Soon Lian Holdings Limited
45 Joo Koon Circle
Singapore 629106

Dear Sirs,

We have audited the accompanying combined financial statements of Soon Lian Holdings Limited (the "Company") and its subsidiaries (collectively the "Group"), as set out on pages A-3 to A-36, which comprise the combined balance sheets as at 31 December 2004, 2005 and 2006, and the related combined income statement, statement of changes in equity and cash flow statement for each of the financial years then ended 31 December 2004, 2005 and 2006, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Independent Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the combined 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 combined financial statements of the Group 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 as at 31 December 2004, 2005 and 2006 and the Group's combined results, changes in equity and cash flows of the Group for each of the financial years ended on 31 December 2004, 2005 and 2006.

As described in note 1 of the notes to the combined financial statements, the combined financial statements for the financial years ended 31 December 2004, 2005 and 2006 were presented in a manner similar to a pooling of interest method to give retrospective application to transactions involving entities under common control, as a result of a Restructuring Exercise undertaken in 2007.

Report on other Legal and Regulatory Requirements

This report has been prepared in accordance with the Singapore Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 for the purpose of incorporation in the Prospectus of the Company dated 3 December 2007 for the invitation of 27,000,000 ordinary shares in the Company comprising 27,000,000 New Shares.

Yours faithfully,

RSM Chio Lim
Certified Public Accountants
Singapore

Partner in charge of audit: Lim Lee Meng
A member of the Institute of Certified Public Accountants of Singapore

SOON LIAN HOLDINGS LIMITED
COMBINED BALANCE SHEETS

	Notes	As at 31 December 2004 $'000	2005 $'000	2006 $'000
ASSETS				
Current assets:				
Cash and cash equivalents	4	235	612	501
Trade and other receivables	5	6,465	7,712	10,982
Inventories	6	7,668	7,984	13,853
Total current assets		14,368	16,308	25,336
Non-current assets:				
Property, plant and equipment	7	7,163	7,444	8,045
Total non-current assets		7,163	7,444	8,045
Total assets		21,531	23,752	33,381
LIABILITIES AND EQUITY				
Current liabilities:				
Short-term borrowings	8	2,127	3,904	3,403
Trade and other payables	9	8,741	8,550	15,884
Current tax payable		629	382	975
Current portion of long-term borrowings	10	956	613	636
Current portion of finance leases	11	107	133	198
Total current liabilities		12,560	13,582	21,096
Non-current liabilities:				
Deferred tax liabilities	16	174	248	260
Long-term borrowings	10	4,537	4,126	3,819
Finance leases	11	105	124	92
Total non-current liabilities		4,816	4,498	4,171
Total liabilities		17,376	18,080	25,267
Equity:				
Share capital	12	1,543	1,981	2,068
Other reserves		(1)	(4)	(3)
Retained earnings		2,613	3,695	6,049
Total equity		4,155	5,672	8,114
Total liabilities and equity		21,531	23,752	33,381
NTA per share (cents) [(1)]		5.1	7.0	10.0

(1) Net tangible assets per share as at 31 December 2004, 2005 and 2006 are computed based on the Company's pre-invitation share capital of 81,000,000 shares.

The notes on pages A-7 to A-36 form an integral part of these financial statements.

SOON LIAN HOLDINGS LIMITED
COMBINED INCOME STATEMENTS

	Notes	Financial year ended 31 December 2004 $'000	2005 $'000	2006 $'000
Revenue	13	16,151	22,891	31,011
Cost of sales		(11,271)	(17,732)	(23,132)
Gross profit		4,880	5,159	7,879
Financial income	14	70	173	566
Financial expense	14	(809)	(711)	(1,261)
Distribution costs		(249)	(394)	(446)
Administrative expenses		(1,988)	(2,374)	(2,558)
Other credits/(charges)	15	30	(1)	(7)
Profit before tax		1,934	1,852	4,173
Income tax expense	16	(491)	(410)	(919)
Profit for the year		1,443	1,442	3,254
EPS (cents)	17	1.8	1.8	4.0

The notes on pages A-7 to A-36 form an integral part of these financial statements.

SOON LIAN HOLDINGS LIMITED
COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000
Group				
Balance as at 31 December 2003 [b]	1,500	–	1,521	3,021
Increase in share capital in subsidiaries before common control transactions (Note 12)	43	–	–	43
Exchange difference on translating foreign subsidiaries before common control transactions	–	(1)	–	(1)
Net expense recognised directly in equity	–	(1)	–	(1)
Profit for the year	–	–	1,443	1,443
Total recognised income for the year	–	(1)	1,443	1,442
Dividends paid (Note 19)	–	–	(351)	(351)
Balance as at 31 December 2004 [b]	1,543	(1)	2,613	4,155
Increase in share capital in subsidiaries before common control transactions (Note 12)	88	–	–	88
Exchange difference on translating foreign subsidiaries before common control transactions	–	(3)	–	(3)
Net expense recognised directly in equity	–	(3)	–	(3)
Profit for the year	–	–	1,442	1,442
Total recognised income for the year	–	(3)	1,442	1,439
Dividends paid (Note 19)	–	–	(360)	(360)
Issue of share capital (Note 12) [c]	350	–	–	350
Balance as at 31 December 2005 [b]	1,981	(4)	3,695	5,672
Increase in share capital in subsidiaries before common control transactions (Note 12)	87	–	–	87
Exchange difference on translating foreign subsidiaries before common control transactions	–	1	–	1
Net income recognised directly in equity	–	1	–	1
Profit for the year	–	–	3,254	3,254
Total recognised income for the year	–	1	3,254	3,255
Dividends paid (Note 19)	–	–	(900)	(900)
Balance as at 31 December 2006 [b]	2,068	(3)	6,049	8,114
		(a)		

(a) Unrealised and not available for distribution as cash dividends.

(b) The share capital, foreign currency translation reserve and retained earnings represent the share capital, foreign currency translation reserve and retained earnings of the subsidiaries prior to the Restructuring Exercise (Note 1).

(c) $349,997 share capital issued on 30 November 2005.

The notes on pages A-7 to A-36 form an integral part of these financial statements.

SOON LIAN HOLDINGS LIMITED
COMBINED STATEMENTS OF CASH FLOWS

	Financial year ended 31 December		
	2004	2005	2006
	$'000	$'000	$'000
Cash flows from operating activities:			
Profit for the year	1,443	1,442	3,254
Adjustments for:			
Income tax expense	491	410	919
Depreciation expense	334	395	449
Interest expense	551	711	979
Forward contracts losses: transactions not qualifying as Hedges	–	–	115
(Gain)/loss on disposal of plant and equipment	(30)	1	7
Operating profit before working capital changes	2,789	2,959	5,723
Trade and other receivables	1,131	(1,247)	(3,270)
Inventories	(4,446)	(316)	(5,869)
Trade and other payables	3,818	(191)	7,219
Cash generated from operations	3,292	1,205	3,803
Income tax paid	(87)	(583)	(314)
Net cash from operating activities	3,205	622	3,489
Cash flows from investing activities:			
Proceeds from disposal of plant and equipment	1,945	–	300
Purchase of plant and equipment (Note 4)	(411)	(470)	(1,098)
Net cash from/ (used in) investing activities	1,534	(470)	(798)
Cash flows from financing activities:			
Increase/(decrease) in short-term borrowings	–	1,299	(508)
Dividends paid (Note 19)	(351)	(360)	(900)
Decrease in long-term borrowings	(1,543)	(754)	(284)
Decrease in finance leases (Note 4)	(235)	(160)	(222)
Interest paid	(551)	(711)	(979)
Proceeds from shares issued (Note 12)	–	350	–
Proceeds from shares issued by subsidiaries (Note 12)	43	88	87
Net cash used in financing activities	(2,637)	(248)	(2,806)
Net effect of exchange rate changes in combining subsidiaries	2	(5)	(3)
Net increase (decrease) in cash	2,104	(101)	(118)
Cash at beginning of year (overdrawn)	(2,995)	(891)	(992)
Cash at end of year (overdrawn) (Note 4)	(891)	(992)	(1,110)

The notes on pages A-7 to A-36 form an integral part of these financial statements.

SOON LIAN HOLDINGS LIMITED

1. GENERAL INFORMATION AND BUSINESS RESTRUCTURING

General

The Company is incorporated in Singapore with limited liability. The combined financial statements are presented in Singapore dollars. They are drawn up in accordance with the provisions of the Companies Act, Cap. 50 ("the Act") and the Singapore Financial Reporting Standards ("FRS").

The principal activity of the Company is that of an investment holding company. The principal activities and the details of the subsidiaries are described below.

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

The subsidiaries held by the Company are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities	Paid up capital of subsidiaries			Percentage of equity held by Group [(c)]		
	2004	2005	2006	2004	2005	2006
	$'000	$'000	$'000	%	%	%
Soon Lian Hardware (Pte.) Ltd. [(a)] Singapore Importers, exporters, and wholesalers of aluminium alloy materials	1,500	1,500	1,500	100	100	100
Soon Lian Hardware (M) Sdn. Bhd. [(b)] Malaysia Importers, exporters and wholesalers of aluminium alloy materials	43	131	218	100	100	100
	1,543	1,631	1,718			

(a) Audited by RSM Chio Lim.

(b) Audited by Horwath Malaysia, a member firm of Horwath International of which Chio Lim & Associates in Singapore was a member until 10 January 2006. RSM Chio Lim is now a member of RSM International.

(c) On the basis the Group had existed since 1 January 2004. (See note 1 Business Restructuring for details)

1. GENERAL INFORMATION AND BUSINESS RESTRUCTURING (Cont'd)

Restructuring Exercise

Soon Lian Holdings Limited completed the following Restructuring Exercise as set out in paragraphs (b) and (c) below on 30 November 2007 to streamline and rationalise the Group structure in connection with the Invitation:-

(a) **Incorporation of the Company**

The Company was incorporated on 18 December 2004 in Singapore in accordance with the Act as a private limited company with an issued and paid-up share capital of S$350,000 comprising 350,000 shares held by the following shareholders:

Shareholders	**Number of shares**	**Percentage shareholding**
Tony Tan	87,500	25.0%
YH Tan	87,500	25.0%
Sam Tan	87,500	25.0%
Jenny Tan	43,750	12.5%
Carol Tan	43,750	12.5%
Total	350,000	100.0%

The principal activity of the Company is that of an investment holding company. On 14 November 2007, the Company was converted into a public company and changed its name to "Soon Lian Holdings Limited".

(b) **Acquisition of Soon Lian Hardware (Pte.) Ltd. ("SLH")**

Pursuant to a sale and purchase agreement dated 29 October 2007, our Company acquired the entire issued and paid-up share capital of SLH of $1,500,000 comprising 1,500,000 ordinary shares from its then existing shareholders, namely, Tony Tan, YH Tan, Sam Tan, Jenny Tan and Carol Tan, for an aggregate consideration of $8,444,000. The acquisition of such SLH shares included all rights attached thereto as at 1 July 2007 and is deemed to take effect from 1 July 2007. Tony Tan, YH Tan and Sam Tan are our Executive Directors, and Jenny Tan and Carol Tan are our Executive Officers. They are siblings.

The consideration was based on the unaudited NTA of SLH as at 30 June 2007, and was partially satisfied by the allotment and issue of 5,444,000 Shares, credited as fully paid, by our Company to Soon Tien Holdings on the direction of the shareholders of SLH. The balance consideration of $3,000,000 was to be paid in cash to the shareholders as follows:-

Shareholders	**Number of shares held in SLH**	**Percentage shareholding**	**Number of Shares entitled to**	**Amount of cash entitled**
Tony Tan	375,000	25.0%	1,361,000	750,000
YH Tan	375,000	25.0%	1,361,000	750,000
Sam Tan	375,000	25.0%	1,361,000	750,000
Jenny Tan	187,500	12.5%	680,500	375,000
Carol Tan	187,500	12.5%	680,500	375,000
Total	1,500,000	100.0%	5,444,000	3,000,000

1. GENERAL INFORMATION AND BUSINESS RESTRUCTURING (Cont'd)

Soon Tien Holdings is an investment holding company incorporated in Singapore. Its directors and shareholders are Tony Tan (25.0%), YH Tan (25.0%), Sam Tan (25.0%), Jenny Tan (12.5%) and Carol Tan (12.5%).

Pursuant to a sale and purchase agreement dated 29 October 2007, SLH had sold four properties at 16, 16B and 16D Lorong Ampas, GS Building, Singapore 328778 and 20A Lorong Ampas, GS Building, Singapore 328780 to Soon Tien Investments for an aggregate consideration of $3,000,000 based on the valuation report dated 29 June 2007 by Colliers International, an independent property valuer. Upon the agreement of all parties, the purchase consideration for the properties payable by Soon Tien Investments to SLH was set-off against the cash portion of the purchase consideration payable by our Company to the then shareholders of SLH for the acquisition of SLH. Completion of the sale and purchase took place in 30 November 2007 and the purchase consideration has been fully settled.

Soon Tien Investments is an investment holding company incorporated in Singapore. Its directors are our Directors, Tony Tan, YH Tan and Sam Tan, and our Executive Officers, Jenny Tan and Carol Tan. Its shareholders are Tony Tan (50%) and YH Tan (50%).

(c) **Acquisition of Soon Lian Hardware (M) Sdn. Bhd. ("SLH Malaysia")**

Pursuant to a sale and purchase agreement dated 29 October 2007, our Company acquired the entire issued and paid-up share capital of SLH Malaysia of MYR500,000 comprising 500,000 ordinary shares of MYR1 each from its then existing shareholders, namely, Tony Tan, YH Tan, Sam Tan, Jenny Tan and Carol Tan, for an aggregate consideration of $395,000. The acquisition of such SLH Malaysia shares included all rights attached thereto as at 1 July 2007 and is deemed to take effect from 1 July 2007.

The aggregate consideration of $395,000 was based on the unaudited NTA of SLH Malaysia as at 30 June 2007, and was fully satisfied by the allotment and issue of 395,000 Shares, credited as fully paid, by our Company as follows:-

Shareholders	**Number of shares held in SLH Malaysia**	**Percentage shareholding**	**Number of Shares entitled to**	**Number of Shares received**
Tony Tan	125,000	25.0%	98,750	67,225
YH Tan	125,000	25.0%	98,750	67,225
Sam Tan	125,000	25.0%	98,750	67,225
Jenny Tan	62,500	12.5%	49,375	33,612
Carol Tan	62,500	12.5%	49,375	33,612
Soon Tien Holdings	-	-	-	126,101
Total	500,000	100.0%	395,000	395,000

The shareholders of SLH Malaysia had directed our Company to allot and issue part of the Shares to which they were entitled, amounting to 126,101 Shares, to Soon Tien Holdings.

1. GENERAL INFORMATION AND BUSINESS RESTRUCTURING (Cont'd)

Upon the completion of the Restructuring Exercise, the Company became the holding company of SLH and SLH Malaysia.

The Group Restructuring has been accounted for using the "pooling-of-interest'' method. Accordingly, the Group's combined financial statements for the financial years ended 31 December 2004, 2005 and 2006 have been prepared as if the Group has been in existence prior to the Restructuring Exercise. The assets and liabilities are brought into the combined balance sheets at the existing carrying amounts. The figures of the Group for the financial years ended 31 December 2004, 2005 and 2006 represent the combined results, state of affairs, changes in equity and cash flows as if the Group, pursuant to the Restructuring Exercise, had existed since 1 January 2004.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING CONVENTION – The financial statements are prepared under the historical cost convention except where an Financial Reporting Standard ("FRS") require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

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

CASH AND CASH EQUIVALENTS – Cash and cash equivalents include bank and cash balances and any highly liquid debt instruments purchased with an original maturity of three months or less. Cash for the cash flow statement includes cash and cash equivalents less bank overdrafts payable on demand that form an integral part of cash management and cash subject to restriction. Other financial assets and financial liabilities at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the cash flow statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

TRADE RECEIVABLES – After initial recognition at fair value, trade receivables are measured at amortised cost using the effective interest method but short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant. Trade receivables are stated after provision for impairment. The amount of the provision for impairment is recognised in the income statement. A trade receivable amount is regarded as impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The carrying amounts of trade receivables are assumed to approximate their fair value. Normally no interest is charged on trade receivables.

LOANS AND RECEIVABLES – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the entity intends to sell immediately or in the near term and are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss; (b) those that the entity upon initial recognition designates as available for sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration and are classified as available for sale. After initial recognition such financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for the non-current financial assets that are loans and receivables which are measured at amortised cost using the effective interest method less provision for impairment. These items are included in the balance sheet in loans and receivables as current assets or as non-current assets where the maturities are greater than 12 months after the balance sheet date.

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

PROPERTY, PLANT AND EQUIPMENT – Depreciation is provided on a straight-line basis to allocate the gross carrying amounts less their residual values over their estimated useful lives of each part of an item of property, plant and equipment. The annual rates of depreciation are as follows:

Freehold properties	–	1%
Leasehold land and buildings	–	over terms of lease which is approximately 2%
Plant and equipment	–	10% to 20%

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

IMPAIRMENT OF NON-FINANCIAL ASSETS – At each reporting date an assessment is made whether there is any indication that a depreciable or amortisable asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in the income statement unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each reporting date non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

IMPAIRMENT OF FINANCIAL ASSETS – All financial assets except those measured at fair value through profit or loss are subject to review for impairment. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

FINANCIAL LIABILITIES – Financial liabilities at fair value through profit or loss when recognised initially are measured at fair value. Financial liabilities not at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial liability. After initial recognition financial liabilities at fair value through profit or loss, including derivatives that are financial liabilities, are measured at fair value. Other financial liabilities not at fair value through profit or loss are measured at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Items classified within trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

LIABILITIES AND 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. These include trade and other payables 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.

LEASES AS A LESSEE – A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. At the commencement of the lease term, a finance lease is recognised as an asset and as liability in the balance sheet at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

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

SHARE CAPITAL – Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. Where the Company reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders and no gain or loss is recognised in the income statement.

FAIR VALUE OF FINANCIAL INSTRUMENTS – The carrying values of current financial assets and financial liabilities including cash, accounts receivable, short-term borrowings and accounts payable approximate their fair values due to the short-term maturity of these instruments. The fair values of non-current financial instruments are not disclosed unless there are significant items at the end of the year and in the event the fair values are disclosed in the relevant notes. Disclosures of fair value are not made when the carrying amount is a reasonable approximation of fair value. The maximum exposure to credit risk is the fair value of the financial instruments at the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

FINANCE LEASES OF LESSOR – The amounts due from lessees are recognised as receivables at an amount equal to the net investment in the leases. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

REVENUE RECOGNITION – The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the period arising from the course of the ordinary activities of the entity and it is shown net of related tax, estimated returns, discounts and volume rebates. Revenue from 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, the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are of short duration is recognised when the services are completed. Interest revenue is recognised on a time-proportion basis using the effective interest rate that takes into account the effective yield on the asset. Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset.

A fair value gain or loss on a financial asset or financial liability classified as at fair value through profit or loss that is not part of a hedging relationship is recognised in profit or loss. A fair value gain or loss on an available-for-sale financial asset is recognised directly in equity, except for impairment losses and foreign exchange gains and losses until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss. Dividends on equity instrument are recognised in profit or loss when the entity's right to receive payment is established. For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or financial liability is derecognised or impaired, and through the amortisation process. However, hedged items are taken to equity.

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 Singapore dollars at the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances measured at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in the income statement. The presentation is in the functional currency.

FOREIGN CURRENCY FINANCIAL STATEMENTS – The foreign entities determine the appropriate functional currency as it reflects the primary economic environment in which the entities operate. In translating the financial statements of a foreign entity for incorporation in the combined financial statements the assets and liabilities denominated in currencies other than the functional currency of the Company are translated at year end rates of exchange and the income and expense items are translated at average rates of exchange for the year. The resulting translation adjustments (if any) are accumulated in a separate component of equity until the disposal of the foreign entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

INCOME TAX – The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each balance sheet date and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from (a) goodwill for which amortisation is not deductible for tax purposes; or (b) the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability is not recognised for all taxable temporary differences associated with investments in subsidiaries because (a) the Company is able to control the timing of the reversal of the temporary difference; and (b) it is probable that the temporary difference will not reverse in the foreseeable future.

EMPLOYEE BENEFITS – Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. This includes the government managed retirement benefit plan such as the Central Provident Fund in Singapore. 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

There were no critical judgements made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Critical assumptions and estimation uncertainities:

ALLOWANCES FOR DOUBTFUL ACCOUNTS **–** An allowance is made for doubtful accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management specifically analyses accounts receivables and analyses historical bad debt, customer creditworthiness, and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful accounts. At the balance sheet date, the receivables are measured at fair value and their fair values might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the balance sheet date.

USEFUL LIVES OF PLANT AND EQUIPMENT – The estimates for the useful lives and related depreciation charges for plant and equipment is based on commercial and production factors which could change significantly as a result of technical innovations and competitor actions in response to severe market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete or non-strategic assets that have been abandoned or sold. The carrying amount of plant and equipment as at 31 December 2004, 2005 and 2006 was $7,163,000, $7,444,000 and $8,045,000.

INVENTORY RELATED ALLOWANCES – A review is made periodically on inventory for excess inventory, obsolescence and declines in net realisable value below cost and record an allowance against the inventory balance for any such declines. These reviews require management to estimate future demand for the Company's products. Possible changes in these estimates could result in revisions to the valuation of inventory. The carrying amount of inventories as at 31 December 2004, 2005 and 2006 was $7,668,000, $7,984,000 and $13,853,000.

RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS

GENERAL RISK MANAGEMENT PRINCIPLES – The financial instruments comprise borrowings, some cash and liquid resources, and various other items, including trade and other receivables, trade and other payables. The main purpose of these financial instruments is to raise finance for the entity's operations. The main risks arising from the entity's financial instruments are credit risk, interest risk, liquidity risk, foreign currency risk and market price risk comprising interest rate and currency risk exposures. The management reviews and monitors policies for managing each of these risks and they are summarised below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

CREDIT RISK ON FINANCIAL ASSETS – Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations consist principally of cash, cash equivalents and trade and other accounts receivable. Credit risk on cash balances and derivative financial instruments is limited because the counter-parties are banks with high credit ratings. An ongoing credit evaluation is performed of the debtors' financial condition and a loss from impairment is recognised in the income statement. There is no significant concentration of credit risk, as the exposure is spread over a large number of counterparties and customers unless otherwise disclosed in the notes to the financial statements.

OTHER RISKS ON FINANCIAL INSTRUMENTS – The main risks arising from the entity's financial instruments are interest risk, liquidity risk and foreign currency risk. The operations are financed through a mixture of retained earnings and borrowings. Borrowings are in the desired currencies at both fixed and floating rates of interest. The policy is to retain flexibility in selecting borrowings at both fixed and floating rates of interest. There is exposure to interest rate price risk for financial instruments with a fixed interest rate and to interest rate or cash flow risk for financial instruments with a floating interest rate that is reset as market rates change. Interest rate swaps are not used to generate the desired interest profit and to manage the exposure to interest rate fluctuations. There is also exposure to liquidity. As regards liquidity, the policy has been to ensure continuity of funding and where necessary a certain percentage of the borrowings should mature in two to five years. Short-term flexibility is achieved by overdraft facilities. There is also exposure to changes in foreign exchange rates arising from foreign currency transactions and balances and changes in fair values. These exposures and changes in fair values from time to time are monitored and any gains and losses are included in the income statement unless otherwise stated in the notes to the financial statements. The policy is to reduce currency exposures through forward currency contracts or other arrangements. From time to time, there may be foreign exchange arrangements or similar instruments entered to reduce currency exposures. These arrangements are not used for trading or speculative purposes.

FOREIGN EXCHANGE FORWARD CONTRACTS – Foreign exchange forward contracts are used to limit exposure to losses on account receivables and payables and anticipated transactions denominated in foreign currencies resulting from changes in foreign currency exchange rates. Foreign exchange forward contracts which are designated and effective as hedges of such currency exchange rate risk on existing assets and liabilities are marked to market and included as an offset to foreign exchange losses/gains recorded on the existing assets and liabilities. Such contracts on anticipated transactions, which do not qualify as hedges for accounting purposes, are marked to market with changes in value recognised in foreign exchange gains / losses in the income statement.

3. RELATED PARTY TRANSACTIONS

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

3. RELATED PARTY TRANSACTIONS (Cont'd)

3.1. Related parties:

There are transactions and arrangements between the Company and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related party balances are unsecured, without fixed repayment terms and interest unless stated otherwise. For non-current balances, an interest is imputed based on the prevailing market interest rate for similar debt less the interest rate if any provided in the agreement for the balance. The guarantees are provided by the guarantor without charge but for the financial statements from 1 January 2004 fair values were imputed and considered to be not significant.

Significant related party transactions:

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

	Related parties		
	2004	2005	2006
	$'000	$'000	$'000
Purchases of goods	–	10	31
Rental expense	48	144	168
Use of exhibition space	–	4	–

3.2. Key management compensation:

	2004	2005	2006
	$'000	$'000	$'000
Salaries and other short-term employee benefits	698	769	1,013

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

	2004	2005	2006
	$'000	$'000	$'000
Remuneration – Directors of the subsidiaries	558	607	807

Key management persons are Directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The above amounts for key management compensation are for all the Directors and two other key management personnel.

3. RELATED PARTY TRANSACTIONS (Cont'd)

3.3. Other receivables from and other payables to related parties:

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

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

	Directors		
	2004	2005	2006
	$'000	$'000	$'000
Other payables:			
Balance at beginning of year	(788)	–	(436)
Amounts paid out during the year	1,246	931	254
Amounts received during the year	(458)	(1,367)	(916)
Other adjustments (a)	–	–	1,000
Balance at end of year – credit	–	(436)	(98)

	Other related parties		
	2004	2005	2006
	$'000	$'000	$'000
Other receivables:			
Balance at beginning of year	3,974	2,837	2,582
Amounts paid out during the year	98	360	698
Amounts received during the year	(2,735)	(666)	(439)
Other adjustments (a)	1,500	51	(1,000)
Balance at end of year – debit	2,837	2,582	1,841

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

3.4. Commitments and contingencies:

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

4. CASH AND CASH EQUIVALENTS

	2004	2005	2006
	$'000	$'000	$'000
Not restricted in use	235	612	501
Analysis of above amount denominated in foreign currency:			
Malaysia Ringgit	58	85	119
United States dollars	132	153	230

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

4. CASH AND CASH EQUIVALENTS (Cont'd)

Cash in the cash flow statement:

	2004 $'000	2005 $'000	2006 $'000
As shown above	235	612	501
Bank overdrafts	(1,126)	(1,604)	(1,611)
	(891)	(992)	(1,110)

Non-cash transactions – Additions to plant and equipment for 2004, 2005 and 2006 amounting to $245,000, $204,000 and $256,000 respectively were financed by new finance leases.

5. TRADE AND OTHER RECEIVABLES

	2004 $'000	2005 $'000	2006 $'000
Trade receivables:			
Outside parties	3,923	5,281	9,326
Less provision for impairment	(405)	(305)	(410)
Other receivables:			
Related parties (Note 3)	2,886	2,583	1,842
Staff loan	9	1	–
Prepayments	2	36	47
Deposits	18	46	65
Other receivables	32	70	162
Less provision for impairment	–	–	(50)
Total trade and other receivables	6,465	7,712	10,982

The average credit period generally granted to non-related trade receivable customers is 30 to 90 days for 2004, 2005 and 2006. The average trade receivables' turnover days were 79 days, 68 days and 82 days for 2004, 2005 and 2006 respectively. This was calculated using the average trade receivables (net of provision for impairment of trade debts) divided by revenue for the year.

	2004 $'000	2005 $'000	2006 $'000
Movements in above provision:			
Balance at beginning of year	376	405	305
Charge (reversal) for trade receivables to income statement included in financial expense (income)	258	(100)	105
Charge for other receivables to income statement included in financial expense	–	–	50
Bad debts written off	(229)	–	–
Balance at end of year	405	305	460
Analysis of above amount denominated in foreign currency:			
United States dollars	199	24	761
Malaysia Ringgit	54	162	188
Concentration of trade receivable customers:			
Top 1 customer	221	492	1,926
Top 2 customers	438	745	2,824
Top 3 customers	648	997	3,315

5. TRADE AND OTHER RECEIVABLES (Cont'd)

Current receivables with a short duration are not discounted and the carrying amounts are assumed to be a reasonable approximation of fair values.

The amount owing by related parties has been repaid in 2007.

6. INVENTORIES

	2004 $'000	2005 $'000	2006 $'000
Goods for resale	7,668	7,984	13,853
Change in inventories (increase)	(4,446)	(316)	(5,869)
Cost of purchases	14,780	16,980	27,691

7. PROPERTY, PLANT AND EQUIPMENT

	Freehold properties $'000	Leasehold property and improvement $'000	Plant and equipment $'000	Total $'000
Cost:				
At beginning of year 1 January 2004	2,485	7,415	1,928	11,828
Additions	–	68	588	656
Disposals	–	(3,981)	(103)	(4,084)
Foreign exchange adjustment	–	–	(4)	(4)
At end of year 31 December 2004	2,485	3,502	2,409	8,396
Accumulated depreciation:				
At beginning of year 1 January 2004	424	2,092	553	3,069
Depreciation for the year	25	70	239	334
Disposals	–	(2,081)	(88)	(2,169)
Foreign exchange adjustment	–	–	(1)	(1)
At end of year 31 December 2004	449	81	703	1,233
Net book value:				
At end of year 31 December 2004	2,036	3,421	1,706	7,163

7. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Freehold properties	Leasehold property and improvement	Plant and equipment	Total
Cost:	$'000	$'000	$'000	$'000
At beginning of year 1 January 2005	2,485	3,502	2,409	8,396
Additions	–	–	674	674
Disposals	–	–	(1)	(1)
Foreign exchange adjustment	–	–	2	2
At end of year 31 December 2005	2,485	3,502	3,084	9,071
Accumulated depreciation:				
At beginning of year 1 January 2005	449	81	703	1,233
Depreciation for the year	25	71	299	395
Disposals	–	–	(1)	(1)
At end of year 31 December 2005	474	152	1,001	1,627
Net book value:				
At end of year 31 December 2005	2,011	3,350	2,083	7,444

	Freehold properties	Leasehold property and improvement	Plant and equipment	Total
Cost:	$'000	$'000	$'000	$'000
At beginning of year 1 January 2006	2,485	3,502	3,084	9,071
Additions	602	–	752	1,354
Disposals	–	–	(621)	(621)
Foreign exchange adjustment	3	–	–	3
At end of year 31 December 2006	3,090	3,502	3,215	9,807
Accumulated depreciation:				
At beginning of year 1 January 2006	474	152	1,001	1,627
Depreciation for the year	28	71	350	449
Disposals	–	–	(314)	(314)
At end of year 31 December 2006	502	223	1,037	1,762
Net book value:				
At end of year 31 December 2006	2,588	3,279	2,178	8,045

7. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The depreciation expense is charged as follows:

	Cost of sales $'000	Administrative expenses $'000	Total $'000
2004	166	168	334
2005	176	219	395
2006	198	251	449

i. The properties held by the Group at the end of the year is as follows:

Location of property	Tenure of land	Gross land area (sqm)	Gross built-in area (sqm)	Existing use
20A Lorong Ampas, Singapore 328780	Freehold	N.A.	218	Vacant
16 Lorong Ampas, Singapore 328778	Freehold	N.A.	218	Rental
16B Lorong Ampas, Singapore 328778	Freehold	N.A.	237	Vacant
16D Lorong Ampas, Singapore 328778	Freehold	N.A.	237	Vacant
45 Joo Koon Circle, Singapore 629106	30 years from 1 April 1993 with option to extend another 30 years	6,178	4,786	Office, workshop, warehouse
No. 5 Jalan Gemilang 3, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor, Malaysia	Freehold	1,338	861	Office, workshop, warehouse

ii. The Group's freehold and leasehold properties are mortgaged to the bank for credit facilities and term loan as disclosed in Notes 8 and 10.

iii. Motor vehicles with a net book value of $737,000, $1,026,000 and $953,000 for 2004, 2005 and 2006 respectively are registered in the names of Directors who hold the assets in trust for the Group.

iv. Certain items are under finance lease agreements (see Note 11).

8. SHORT-TERM BORROWINGS

	2004 $'000	2005 $'000	2006 $'000
Bank overdrafts	1,126	1,604	1,611
Bank loans	1,001	2,300	1,792
	2,127	3,904	3,403

8. SHORT-TERM BORROWINGS (Cont'd)

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

	2004 $'000	2005 $'000	2006 $'000
Bank loans and bank overdrafts	5.25% to 6.25%	5.25% to 6.25%	4.5% to 6.45%

All the short-term borrowings are denominated in Singapore dollar and are interest bearing. The carrying values are assumed to be a reasonable approximation of fair values.

The bank loan, bank overdrafts and other credit facilities are covered by a joint and several guarantee from the directors and a first and legal charge on the leasehold and freehold properties of Soon Lian Hardware (Pte.) Ltd. (Note 7).

The exposure of the short-term borrowing to interest rate charges and the contractual repricing dates at the balance sheet dates are as follows:

	2004 $'000	2005 $'000	2006 $'000
Below 6 months	1,126	2,904	2,861
Within 6 to 12 months	1,001	1,000	542
Total short-term borrowings	2,127	3,904	3,403

9. TRADE AND OTHER PAYABLES

	2004 $'000	2005 $'000	2006 $'000
Trade payables:			
Outside parties and accrued liabilities (a)	8,508	7,725	15,360
Related parties (Note 3)	7	8	31
Other payables:			
Directors (Note 3)	–	436	98
Related parties (Note 3)	49	1	1
Rental deposits	60	43	43
Other payables	117	337	351
Total trade and other payables	8,741	8,550	15,884
Analysis of above amount denominated in foreign currency:			
United States dollars	6,318	4,232	13,332
Malaysia Ringgit	56	19	365

(a) Included in the amount are bills payable of $5,107,000, $3,468,000 and $11,255,000 for 2004, 2005 and 2006 respectively. Interest was charged at rates ranging from 2.95% to 6.0% for 2004, from 4.34% to 6.58% for 2005 and 5.50% to 7.72% for 2006.

The average credit period taken to settle non-related trade payables is about 30 to 90 days for 2004, 2005 and 2006. The other payables are with short-term durations. The carrying amounts are assumed to be a reasonable approximation of fair values.

The average trade payables' turnover days were 166 days, 174 days and 152 days for 2004, 2005 and 2006 respectively. This was calculated using average trade payables divided by purchases for the year.

10. LONG-TERM BORROWINGS

	2004 $'000	2005 $'000	2006 $'000
Bank loans			
Term loan 1	1,176	1,103	1,047
Term loan 2	345	225	98
Term loan 3	126	90	54
Term loan 4	2,407	2,321	2,234
Term loan 5	514	–	–
Term loan 6	925	–	–
Term loan 7	–	1,000	676
Term loan 8	–	–	346
	5,493	4,739	4,455
The borrowing is repayable as follows:			
Amounts due within a year	956	613	636
Total current portion	956	613	636
Non-current portion	4,537	4,126	3,819
The non-current portion is repayable as follows:			
Due within 2 to 5 years	1,210	1,481	1,084
After 5 years	3,327	2,645	2,735
Total non-current portion	4,537	4,126	3,819
Analysis of above amount denominated in foreign currency:			
Malaysia Ringgit	–	–	346
The range of floating interest rates which approximate the weighted effective interest rates paid were as follows:	3.25% - 5.5%	3.25% - 5.5%	3.38% - 5.5%

The exposure of the long-term borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	2004 $'000	2005 $'000	2006 $'000
Below 6 months	478	307	318
Within 6 to 12 months	478	306	318
Within 2 to 5 years	1,210	1,481	1,084
Over 5 years	3,327	2,645	2,735
Total long-term borrowings	5,493	4,739	4,455

The carrying value of long-term borrowing approximate the fair value.

All the borrowings are interest bearing.

10. LONG-TERM BORROWINGS (Cont'd)

(a) Term loan 1 is repayable by 240 equal monthly instalments commencing May 2002. This is secured by a joint and several personal guarantees of the directors and a first and legal charge on the freehold property of Soon Lian Hardware (Pte.) Ltd.

(b) The number of monthly repayment and commencing date for term loan 2 to 5 are as follows:

	Monthly equal instalments	Commencing date
Term loan 2	72	October 2001
Term loan 3	48	July 2004
Term loan 4	240	December 2003
Term loan 5	24	January 2004

These are secured by:
(i) joint and several guarantees by the directors;
(ii) first and legal charge on the leasehold property of Soon Lian Hardware (Pte.) Ltd.;
(iii) first and legal charge on certain machinery of Soon Lian Hardware (Pte.) Ltd. with a net book value amounting to $159,000, $139,000 and $121,000 for 2004, 2005 and 2006 respectively.

(c) Term loan 6 is repayable by 300 equal monthly instalments commencing December 2001. This is secured by a joint and several personal guarantees of the directors and a first and legal charge on the private property owned by certain of the directors.

(d) Term loan 7 is repayable by 35 monthly instalments of $27,000 each and a final instalment of the balance amount outstanding. This is secured by a joint and several personal guarantees of the directors.

(e) Term loan 8 is repayable by 240 equal monthly instalments commencing November 2006. This is secured by a first and legal charge over the freehold property of Soon Lian (M) Sdn Bhd and a joint and several personal guarantees of the directors.

11. FINANCE LEASES LIABILITIES

2004	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	115	(8)	107
Due within 2 to 5 years	115	(10)	105
Total	230	(18)	212
Net book value of plant and equipment under finance leases			540

2005	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	143	(10)	133
Due within 2 to 5 years	135	(11)	124
Total	278	(21)	257
Net book value of plant and equipment under finance leases			740

11. FINANCE LEASES LIABILITIES (Cont'd)

2006	Minimum payments $'000	Finance charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	212	(14)	198
Due within 2 to 5 years	100	(8)	92
Total	312	(22)	290

Net book value of plant and equipment under finance leases	1,249

	2004 $'000	2005 $'000	2006 $'000
Analysis of above present value denominated in foreign currency:			
Malaysia Ringgit	10	26	43

It is a policy to lease certain of its plant and equipment under finance leases. The average lease term is 1 – 4 years. The rate of interest for finance leases is about 2.1% to 5.5%, 2.1% to 5.5% and 2.2% to 5.5% for 2004, 2005 and 2006 respectively. There is an exposure to fair value interest risk because the interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets.

The carrying amounts of the lease liabilities approximates the fair values.

12. SHARE CAPITAL

	Number of shares '000	Issued share capital $'000
Ordinary shares:		
Balance at 1 January 2004 [(a)]	1,500	1,500
Issue of shares	100	43
Balance at end of year 31 December 2004 [(a)]	1,600	1,543
Issue of shares	550	438
Balance at end of year 31 December 2005 [(a)]	2,150	1,981
Issue of shares	200	87
Balance at end of year 31 December 2006 [(a)]	2,350	2,068

(a) The share capital represents the combined share capital of the subsidiaries prior to the Restructuring Exercise (Note 1).

(b) With the changes to the Companies Act, Cap. 50, effective from 30 January 2006, there is the removal of the concept of par value and authorised capital and there is no share premium account.

The ordinary shares of no par value carry no right to fixed income and are fully paid. The Company is not subject to any externally imposed capital requirements.

13. REVENUE

	2004 $'000	2005 $'000	2006 $'000
Sale of goods	15,755	22,472	30,642
Rental income	345	315	296
Other income	51	104	73
	16,151	22,891	31,011

14. FINANCIAL INCOME AND (EXPENSE)

	2004 $'000	2005 $'000	2006 $'000
Financial income/ (expense):			
Foreign exchange translation gain	56	73	566
Bad debts recovered on trade receivables	14	–	–
(Provision)/reversal for impairment on trade receivables	(258)	100	(105)
Provision for impairment on other receivables	–	–	(50)
Bad debts written off trade receivables	–	–	(12)
Forward contracts losses: transactions not qualifying as hedges	–	–	(115)
Interest expense	(551)	(711)	(979)
	(739)	(538)	(695)
Presented in the income statement as:			
Financial income	70	173	566
Financial expense	(809)	(711)	(1,261)
Financial income and (expense) net	(739)	(538)	(695)

15. OTHER CREDITS/(CHARGES)

	2004 $'000	2005 $'000	2006 $'000
Gain/(loss) on disposal of plant and equipment	30	(1)	(7)

16. INCOME TAX

	2004 $'000	2005 $'000	2006 $'000
Current tax expense	390	336	907
Deferred tax expense	101	74	12
Total tax expense	491	410	919

16. INCOME TAX (Cont'd)

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 20% to profit before tax as a result of the following differences:

	2004 $'000	2005 $'000	2006 $'000
Profit before tax	1,934	1,852	4,173
Income tax expense at the statutory rate	387	370	835
Non-allowable items	90	63	105
Change in tax rate	(13)	–	–
Under / (Over) provision in previous year	37	(6)	–
Tax exemptions	(16)	(17)	(22)
Effect of different tax rates in different countries	1	1	2
Other items less than 3% each	5	(1)	(1)
	491	410	919

The deferred tax amounts are as follows:

	Balance sheet		
	2004 $'000	2005 $'000	2006 $'000
Deferred tax liabilities:			
Excess of net book value of plant and equipment	174	248	260
Net change in income statement	101	74	12

The deferred tax liability is not expected to be settled within one year.

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

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

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

17. EARNINGS PER SHARE

The earnings per share for the years ended 31 December 2004, 2005 and 2006 are calculated by dividing the Group's profit for the year of $1,443,000, $1,442,000 and $3,254,000 respectively by the number of the pre-invitation ordinary shares of 81,000,000.

Both basic and diluted earnings per share are the same as there are no dilutive ordinary share equivalents outstanding during the years ended 31 December 2004, 2005 and 2006.

18. EMPLOYEE BENEFITS EXPENSE

	2004 $'000	2005 $'000	2006 $'000
Employee benefits expense including directors	1,284	1,404	1,857
Contributions to defined contribution plan	128	118	134
Other benefits	20	41	55
Total employee benefits expense	1,432	1,563	2,046

19. DIVIDENDS

	2004 $'000	2005 $'000	2006 $'000
Final dividend of 23.4 cents, 24 cents and 60 cents net of income tax per share paid in 2004, 2005 and 2006	351	360	900

The directors propose that a final dividend of $0.30 per ordinary share net of tax amounting to S$450,000 and a final dividend of $0.80 per ordinary share (one-tier tax exempt) amounting to S$1,200,000 for the year ended 31 December 2006 be paid to shareholders after the annual general meeting. This dividend is subject to approval by shareholders at the next annual general meeting and has not been included as a liability in these financial statements. The proposed dividend for 2006 is payable in respect of all shares in issue at the date of these financial statements.

20. DERIVATIVE FINANCIAL INSTRUMENTS

The following are the principal derivative financial instruments.

Currency derivatives:

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

At the balance sheet dates, the Group had contracted to sell and purchase the following amounts under forward contracts.

	2004 $'000	2005 $'000	2006 $'000
Purchase United States dollars for Singapore dollars:			
Contractual amount	2,647	–	4,910
Estimated fair value adjustment	(47)	–	(115)

The forward contracts expire within six months after the balance sheet date.

The fair value of the currency derivatives is estimated as above based on market values of equivalent instruments at the balance sheet date.

Fair value adjustment of the above derivative was not made in the income statement in 2004 as the amount was immaterial.

21. CAPITAL COMMITMENT

Estimated amounts committed at the balance sheet date for future capital expenditure but not recognised in the financial statements are as follows:

	2004 $'000	2005 $'000	2006 $'000
Commitments to purchase plant and equipment	–	504	–

22. OPERATING LEASE PAYMENT COMMITMENTS

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

	2004 $'000	2005 $'000	2006 $'000
Not later than one year	164	155	263
Later than one year and not later than five years	368	333	356
Later than five years	3,976	3,360	2,670
Rental expense for the year	151	227	252

Operating lease payments represent rentals payable for the Group's leasehold property, warehouse and workers' dormitory at:

Leasehold property

- 45 Joo Koon Circle
  The lease from Jurong Town Corporation is for 60 years from 1 April 1993.

Warehouse

- 37 Joo Koon Road
  The lease from Concentrate Engineering (Pte) Ltd – related party is for 2 years from 1 July 2004.

Workers' dormitory

- 21 Tuas View Loop
  The lease from TSL 8Quarters Pte Ltd is for 1 year from 1 July 2006.

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

23. OPERATING LEASE INCOME COMMITMENTS

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

	2004 $'000	2005 $'000	2006 $'000
Not later than one year	305	53	32
Later than one year and not later than five years	41	41	–
Rental income for the year	345	315	296

Operating lease income represents rentals receivable from certain of the Group's freehold properties. The lease rental term are negotiated for an average term of two years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage. Such increases are not included in the above amounts.

24. FINANCIAL INFORMATION BY SEGMENTS

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

(a) Marine industry ("M");

(b) Precision engineering ("PE");

(c) Stockists and traders ("ST"); and

(d) Others ("O").

Segment results consist of costs directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

Unallocated items comprise cash and cash equivalents, inventories, other receivables, property, plant and equipment, short-term borrowings, trade and other payables, current tax payable, interest-bearing borrowings, finance leases, deferred tax liabilities, financial income, financial expense, distribution costs, administrative expenses, other credits/(charges) and income tax expense.

24. FINANCIAL INFORMATION BY SEGMENTS (Cont'd)

The following tables present the segment revenue and results and certain assets and liabilities information regarding segments as at 31 December 2004, 2005 and 2006.

Market segments	2004					2005					2006				
	M	PE	ST	O	Total	M	PE	ST	O	Total	M	PE	ST	O	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
REVENUE															
External sales	4,387	8,889	1,548	1,327	16,151	8,594	11,089	1,647	1,561	22,891	13,762	13,831	1,528	1,890	31,011
RESULTS															
Segment results	1,170	2,784	373	553	4,880	1,864	2,337	398	560	5,159	3,461	3,453	332	633	7,879
Financial income					70					173					566
Financial expense					(809)					(711)					(1,261)
Distribution costs					(249)					(394)					(446)
Administrative expenses					(1,988)					(2,374)					(2,558)
Other credits/(charges)					30					(1)					(7)
Profit before tax					1,934					1,852					4,173
Income tax expense					(491)					(410)					(919)
Profit for the year					1,443					1,442					3,254
OTHER INFORMATION															
Segment assets	800	2,229	215	274	3,518	1,702	2,700	198	376	4,976	4,466	3,239	560	651	8,916
Segment assets – unallocated					18,013					18,776					24,465
Total assets					21,531					23,752					33,381
Segment liabilities – unallocated					17,376					18,080					25,267
Total liabilities					17,376					18,080					25,267
Capital expenditures – unallocated					656					674					1,354
Depreciation - unallocated					334					395					449

24. FINANCIAL INFORMATION BY SEGMENTS (Cont'd)

Geographical segments

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

	Sales revenue		
	2004	2005	2006
	$'000	$'000	$'000
Singapore	8,755	11,921	14,280
Malaysia	4,083	6,614	10,678
Indonesia	262	592	1,585
Philippines	914	1,150	112
Other	2,137	2,614	4,356
	16,151	22,891	31,011

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

	Carrying amount of segment assets		
	2004	2005	2006
	$'000	$'000	$'000
Singapore	21,308	23,287	31,976
Malaysia	223	465	1,405
	21,531	23,752	33,381

	Additions to property, plant and equipment		
	2004	2005	2006
	$'000	$'000	$'000
Singapore	651	644	673
Malaysia	5	30	681
	656	674	1,354

25. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the year ended 31 December 2006 the following new or revised Singapore Financial Reporting Standards were adopted for the first time. The new or revised standards did not require any modification of the measurement method or the presentation in the financial statements.

FRS No.	Title
FRS 1	Presentation of Financial Statements
FRS 16	Property, Plant and Equipment
FRS 19	Employee Benefits - Amendments relating to actuarial gains and losses, group plans and disclosures
FRS 21	The Effects of Changes in Foreign Exchange Rates - Amendments relating to net investment in a foreign operation
FRS 24	Related Party Disclosures
FRS 32	Financial Instruments: Disclosure and Presentation
FRS 37	Provisions, Contingent Liabilities and Contingent Assets
FRS 38	Intangible Assets (*)
FRS 39	Financial Instruments: Recognition and Measurement - Amendments relating to cash flow hedge accounting of forecast intragroup transactions Amendments relating to financial guarantee contracts (*)
FRS 101	First-time Adoption of Financial Reporting Standards - Amendments relating to comparative disclosures for FRS 106 Exploration for and Evaluation of Mineral Resources (*)
FRS 101	Implementation Guidance (*)
FRS 104	Insurance Contracts (*)
FRS 104	Implementation Guidance (*)
FRS 106	Exploration for and Evaluation of Mineral Resources (*)
INT FRS 104	Determining whether an Arrangement contains a Lease
INT FRS 105	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (*)
INT FRS 107	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies (*)
INT FRS 108	Scope of FRS 102
INT FRS 109	Reassessment of Embedded Derivatives (*)
INT FRS 110	Interim Financial Reporting and Impairment (*)

(*) Not relevant to the entity.

26. FUTURE CHANGES IN ACCOUNTING STANDARDS

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to have a material impact on the financial statements.

FRS No.	Title	Effective date for periods beginning on or after
FRS 1	Presentation of Financial Statements - Amendments relating to capital disclosures	1.1.2007
FRS 10	Events after the Balance Sheet Date	1.1.2007
FRS 12	Income Taxes	1.1.2007
FRS 14	Segment Reporting	1.1.2007
FRS 17	Leases	1.1.2007
FRS 19	Employee Benefits	1.1.2007
FRS 32	Financial Instruments: Presentation	1.1.2007
FRS 33	Earnings per Share	1.1.2007
FRS 39	Financial Instruments: Recognition and Measurement	1.1.2007
FRS 39	Implementation Guidance	1.1.2007
FRS 40	Investment Property (*)	1.1.2007
FRS 101	First-time Adoption of Financial Reporting Standards (*)	1.1.2007
FRS 101	Implementation Guidance (*)	1.1.2007
FRS 102	Share-based Payment	1.1.2007
FRS 103	Business Combinations	1.1.2007
FRS 104	Insurance Contracts (*)	1.1.2007
FRS 104	Implementation Guidance - Revisions relating to FRS 107 Financial Instruments: Disclosures (*)	1.1.2007
FRS 107	Financial Instruments: Disclosures - Implementation Guidance	1.1.2007
FRS 108	Operating Segments	1.1.2009
INT FRS 105	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (*)	1.1.2007
INT FRS 111	FRS 102 – Group and Treasury Share Transactions (*)	1.3.2007
INT FRS 112	Service Concessions Arrangements (*)	1.1.2008

(*) Not relevant to the entity.

27. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 3 December 2007.

28. SUBSEQUENT EVENTS

In addition to the events disclosed in Note 1 to the audited combined financial statements of the Group on pages A-7 to A-10 of this independent auditors' report, no other significant events took place subsequent to the year ended 31 December 2006.

INDEPENDENT AUDITORS' REVIEW REPORT ON THE UNAUDITED COMBINED FINANCIAL STATEMENTS OF SOON LIAN HOLDINGS LIMITED

3 December 2007

The Board of Directors
Soon Lian Holdings Limited
45 Joo Koon Circle
Singapore 629106

Dear Sirs,

We have reviewed the accompanying unaudited combined financial statements of Soon Lian Holdings Limited (the "Company") and its subsidiaries (collectively the "Group"), as set out on pages B-2 to B-35, comprising the combined balance sheet as at 30 June 2007, and the related combined statements of income, changes in equity and cash flows for the six-month period ended 30 June 2007 and the notes thereon. These unaudited combined financial statements of the Group are the responsibility of the Company's Directors. Our responsibility is to express a conclusion on these unaudited combined financial statements based on our review.

We conducted our review in accordance with Singapore Standards on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unaudited combined financial statements does not present fairly, in all material respects, the financial position of the Group as at 30 June 2007, and of the Group's combined results of operations, combined changes in equity and cash flows for the six-month period ended 30 June 2007 in accordance with the Singapore Financial Reporting Standards.

As described in note 1 of the notes to the unaudited combined financial statements, the unaudited combined financial statements for the six-month period ended 30 June 2006 and 2007 were presented in a manner similar to a pooling of interest method to give retrospective application to transactions involving entities under common control, as a result of a Restructuring Exercise undertaken in 2007.

The comparative figures for the corresponding six-month period ended 30 June 2006 were extracted from the unaudited management financial information and we have not carried out a review of those financial statements. The unaudited combined financial information for the corresponding six-month period ended 30 June 2006 is the responsibility of the Directors of the Company.

This report has been prepared in accordance with the Singapore Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 for the purpose of incorporation in the Prospectus of the Company dated 3 December 2007 for the invitation of 27,000,000 ordinary shares of $0.21 each in the Company comprising 27,000,000 New Shares.

Yours faithfully,

RSM Chio Lim
Certified Public Accountants
Singapore

Partner in charge of audit: Lim Lee Meng
A member of the Institute of Certified Public Accountants of Singapore

SOON LIAN HOLDINGS LIMITED
UNAUDITED COMBINED BALANCE SHEETS

	Notes	As at 31 December 2006 $'000 (Audited)	As at 30 June 2007 $'000 (Unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	4	501	1,220
Trade and other receivables	5	10,982	13,610
Inventories	6	13,853	18,042
Total current assets		25,336	32,872
Non-current assets:			
Property, plant and equipment	7	8,045	7,994
Total non-current assets		8,045	7,994
Total assets		33,381	40,866
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings	8	3,403	4,979
Trade and other payables	9	15,884	20,916
Current tax payable		975	1,206
Current portion of long-term borrowings	10	636	558
Current portion of finance leases	11	198	146
Total current liabilities		21,096	27,805
Non-current liabilities:			
Deferred tax liabilities	16	260	268
Long-term borrowings	10	3,819	3,584
Finance leases	11	92	32
Total non-current liabilities		4,171	3,884
Total liabilities		25,267	31,689
Equity:			
Share capital	12	2,068	2,068
Other reserves		(3)	6
Retained earnings		6,049	7,103
Total equity		8,114	9,177
Total liabilities and equity		33,381	40,866
NTA per share (cents) [(1)]		10.0	11.3

(1) Net tangible assets per share as at 31 December 2006 and 30 June 2007 are computed based on the Company's pre-invitation share capital of 81,000,000 shares.

The notes on pages B-6 to B-35 form an integral part of these financial statements.

SOON LIAN HOLDINGS LIMITED
UNAUDITED COMBINED INCOME STATEMENTS

	Notes	Six month ended 30 June 2006 $'000 (Unaudited)	Six month ended 30 June 2007 $'000 (Unaudited)
Revenue	13	14,688	19,755
Cost of sales		(10,960)	(14,170)
Gross profit		3,728	5,585
Financial income	14	150	44
Financial expense	14	(428)	(683)
Distribution costs		(243)	(266)
Administrative expenses		(1,132)	(1,397)
Other charges	15	(7)	(10)
Profit before tax		2,068	3,273
Income tax expense	16	(455)	(569)
Profit for the period		1,613	2,704
EPS (cents)	17	2.0	3.3

The notes on pages B-6 to B-35 form an integral part of these financial statements.

SOON LIAN HOLDINGS LIMITED
UNAUDITED COMBINED STATEMENTS OF CHANGES IN EQUITY

	Share capital $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000
Group				
Balance as at 1 January 2006 [(b)]	1,981	(4)	3,695	5,672
Exchange difference on translating foreign subsidiaries before common control transactions	–	(3)	–	(3)
Net expense recognised directly in equity	–	(3)	–	(3)
Profit for the period	–	–	1,613	1,613
Total recognised income for the period	–	(3)	1,613	1,610
Balance as at 30 June 2006 [(b)]	1,981	(7)	5,308	7,282
Balance as at 1 January 2007 [(b)]	2,068	(3)	6,049	8,114
Exchange difference on translating foreign subsidiaries before common control transactions	–	9	–	9
Net income recognised directly in equity	–	9	–	9
Profit for the period	–	–	2,704	2,704
Total recognised income for the period	–	9	2,704	2,713
Dividends paid (Note 19)	–	–	(1,650)	(1,650)
Balance as at 30 June 2007 [(b)]	2,068	6	7,103	9,177
		(a)	(c)	

(a) Unrealised and not available for distribution as cash dividends.

(b) The share capital, foreign currency translation reserve and retained earnings represent the share capital, foreign currency translation reserve and retained earnings of the subsidiaries prior to the Restructuring Exercise (Note 1).

(c) Pursuant to the Restructuring Exercise completed on 30 November 2007, the retained earnings will not be available for distribution as cash dividends.

The notes on pages B-6 to B-35 form an integral part of these financial statements.

SOON LIAN HOLDINGS LIMITED
UNAUDITED COMBINED STATEMENTS OF CASH FLOWS

	Six month ended 30 June	
	2006	2007
	$'000	$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Profit for the period	1,613	2,704
Adjustments for:		
Income tax expense	455	569
Depreciation expense	215	244
Interest expense	428	683
Loss on disposal of plant and equipment	7	10
Operating profit before working capital changes	2,718	4,210
Trade and other receivables	(3,435)	(2,628)
Inventories	(866)	(4,189)
Trade and other payables	3,152	5,032
Cash generated from operations	1,569	2,425
Income tax paid	(156)	(330)
Net cash from operating activities	1,413	2,095
Cash flows from investing activities:		
Proceeds from disposal of plant and equipment	113	42
Purchase of plant and equipment (Note 4)	(188)	(206)
Net cash used in investing activities	(75)	(164)
Cash flows from financing activities:		
(Decrease)/increase in short-term borrowings	(456)	2,255
Dividends paid (Note 19)	–	(1,650)
Decrease in long-term borrowings	(354)	(313)
Decrease in finance leases (Note 4)	(108)	(137)
Interest paid	(428)	(683)
Net cash used in financing activities	(1,346)	(528)
Net effect of exchange rate changes in combining subsidiaries	8	(5)
Net increase in cash	–	1,398
Cash at beginning of period (overdrawn)	(992)	(1,110)
Cash at end of period (overdrawn) (Note 4)	(992)	288

The notes on pages B-6 to B-35 form an integral part of these financial statements.

1. GENERAL INFORMATION AND BUSINESS RESTRUCTURING

General

The Company is incorporated in Singapore with limited liability. The combined financial statements are presented in Singapore dollars. They are drawn up in accordance with the provisions of the Companies Act, Cap. 50 ("the Act") and the Singapore Financial Reporting Standards ("FRS"). The interim combined financial statements for the financial period from 1 January 2007 to 30 June 2007 were authorised for issue by the board of directors on 3 December 2007.

The principal activity of the Company is that of an investment holding company. The principal activities and the details of the subsidiaries are described below.

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

The subsidiaries held by the Company are listed below:

Name of subsidiaries, country of incorporation, place of operations and principal activities	Paid up capital of subsidiaries		Percentage of equity held by Group [c]	
	31 December 2006 $'000	30 June 2007 $'000	31 December 2006 %	30 June 2007 %
Soon Lian Hardware (Pte.) Ltd. [a] Singapore Importers, exporters, and wholesalers of aluminium alloy materials	1,500	1,500	100	100
Soon Lian Hardware (M) Sdn. Bhd. [b] Malaysia Importers, exporters and wholesalers of aluminium alloy materials	218	218	100	100
	1,718	1,718		

(a) Financial year ended 31 December 2006 was audited by RSM Chio Lim. Financial period ended 30 June 2007 was reviewed by RSM Chio Lim.

(b) Financial year ended 31 December 2006 was audited by Horwath Malaysia, a member firm of Horwath International of which Chio Lim & Associates in Singapore was a member until 10 January 2006. RSM Chio Lim is now a member of RSM International. Financial period ended 30 June 2007 was reviewed by Horwath Malaysia.

Business restructuring

Soon Lian Holdings Limited undertook a Restructuring Exercise to streamline and rationalise the Group structure in connection with the Invitation. Details of this Restructuring Exercise are as set out in Note 1 of the combined financial statements for the financial years ended 31 December 2004, 2005 and 2006.

1. GENERAL INFORMATION AND BUSINESS RESTRUCTURING (Cont'd)

The Group Restructuring has been accounted for using the "pooling-of-interest'' method. Accordingly, the Group's combined financial statements for the six-month period ended 30 June 2007 have been prepared as if the Group has been in existence prior to the Restructuring Exercise. The assets and liabilities are brought into the combined balance sheets at the existing carrying amounts. The figures of the Group for the six-month period ended 30 June 2007 represent the combined results, state of affairs, changes in equity and cash flows as if the Group, pursuant to the Restructuring Exercise, had existed since 1 January 2004. The comparative figures for the corresponding six-month period ended 30 June 2006 were prepared on the same basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ACCOUNTING CONVENTION – The financial statements are prepared under the historical cost convention except where an FRS require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

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

CASH AND CASH EQUIVALENTS – Cash and cash equivalents include bank and cash balances and any highly liquid debt instruments purchased with an original maturity of three months or less. Cash for the cash flow statement includes cash and cash equivalents less bank overdrafts payable on demand that form an integral part of cash management and cash subject to restriction. Other financial assets and financial liabilities at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital in the cash flow statement.

TRADE RECEIVABLES – After initial recognition at fair value, trade receivables are measured at amortised cost using the effective interest method but short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant. Trade receivables are stated after provision for impairment. The amount of the provision for impairment is recognised in the income statement. A trade receivable amount is regarded as impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The carrying amounts of trade receivables are assumed to approximate their fair value. Normally no interest is charged on trade receivables.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

LOANS AND RECEIVABLES – Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that the entity intends to sell immediately or in the near term and are classified as held for trading, and those that the entity upon initial recognition designates as at fair value through profit or loss; (b) those that the entity upon initial recognition designates as available for sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration and are classified as available for sale. After initial recognition such financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for the non-current financial assets that are loans and receivables which are measured at amortised cost using the effective interest method less provision for impairment. These items are included in the balance sheet in loans and receivables as current assets or as non-current assets where the maturities are greater than 12 months after the balance sheet date.

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

PROPERTY, PLANT AND EQUIPMENT – Depreciation is provided on a straight-line basis to allocate the gross carrying amounts less their residual values over their estimated useful lives of each part of an item of property, plant and equipment. The annual rates of depreciation are as follows:

Freehold properties	–	1%
Leasehold land and buildings	–	over terms of lease which is approximately 2%
Plant and equipment	–	10% to 20%

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

IMPAIRMENT OF NON-FINANCIAL ASSETS – At each reporting date an assessment is made whether there is any indication that a depreciable or amortisable asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in the income statement unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each reporting date non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

IMPAIRMENT OF FINANCIAL ASSETS – All financial assets except those measured at fair value through profit or loss are subject to review for impairment. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

FINANCIAL LIABILITIES – Financial liabilities at fair value through profit or loss when recognised initially are measured at fair value. Financial liabilities not at fair value through profit or loss are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial liability. After initial recognition financial liabilities at fair value through profit or loss, including derivatives that are financial liabilities, are measured at fair value. Other financial liabilities not at fair value through profit or loss are measured at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Items classified within trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

LIABILITIES AND 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. These include trade and other payables 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

LEASES AS A LESSEE – A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. At the commencement of the lease term, a finance lease is recognised as an asset and as liability in the balance sheet at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred. The assets are depreciated as owned depreciable assets. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

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

SHARE CAPITAL – Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. Where the Company reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders and no gain or loss is recognised in the income statement.

FAIR VALUE OF FINANCIAL INSTRUMENTS – The carrying values of current financial assets and financial liabilities including cash, accounts receivable, short-term borrowings and accounts payable approximate their fair values due to the short-term maturity of these instruments. The fair values of non-current financial instruments are not disclosed unless there are significant items at the end of the year and in the event the fair values are disclosed in the relevant notes. Disclosures of fair value are not made when the carrying amount is a reasonable approximation of fair value. The maximum exposure to credit risk is the fair value of the financial instruments at the balance sheet date.

FINANCE LEASES OF LESSOR – The amounts due from lessees are recognised as receivables at an amount equal to the net investment in the leases. The recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment outstanding in respect of the finance leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

REVENUE RECOGNITION – The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the period arising from the course of the ordinary activities of the entity and it is shown net of related tax, estimated returns, discounts and volume rebates. Revenue from 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, the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services that are of short duration is recognised when the services are completed. Interest revenue is recognised on a time-proportion basis using the effective interest rate that takes into account the effective yield on the asset. Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset.

A fair value gain or loss on a financial asset or financial liability classified as at fair value through profit or loss that is not part of a hedging relationship is recognised in profit or loss. A fair value gain or loss on an available-for-sale financial asset is recognised directly in equity, except for impairment losses and foreign exchange gains and losses until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss. Dividends on equity instrument are recognised in profit or loss when the entity's right to receive payment is established. For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or financial liability is derecognised or impaired, and through the amortisation process. However, hedged items are taken to equity.

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 Singapore dollars at the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances measured at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in the income statement. The presentation is in the functional currency.

FOREIGN CURRENCY FINANCIAL STATEMENTS – The foreign entities determine the appropriate functional currency as it reflects the primary economic environment in which the entities operate. In translating the financial statements of a foreign entity for incorporation in the combined financial statements the assets and liabilities denominated in currencies other than the functional currency of the Company are translated at year end rates of exchange and the income and expense items are translated at average rates of exchange for the year. The resulting translation adjustments (if any) are accumulated in a separate component of equity until the disposal of the foreign entity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

INCOME TAX – The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each balance sheet date and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from (a) goodwill for which amortisation is not deductible for tax purposes; or (b) the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability is not recognised for all taxable temporary differences associated with investments in subsidiaries because (a) the Company is able to control the timing of the reversal of the temporary difference; and (b) it is probable that the temporary difference will not reverse in the foreseeable future.

EMPLOYEE BENEFITS – Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it agrees to contribute to the fund. This includes the government managed retirement benefit plan such as the Central Provident Fund in Singapore. 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.

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

CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

There were no critical judgements made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Critical assumptions and estimation uncertainities:

ALLOWANCES FOR DOUBTFUL ACCOUNTS – An allowance is made for doubtful accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. Management specifically analyses accounts receivables and analyses historical bad debt, customer creditworthiness, and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful accounts. At the balance sheet date, the receivables are measured at fair value and their fair values might change materially within the next financial year but these changes would not arise from assumptions or other sources of estimation uncertainty at the balance sheet date.

USEFUL LIVES OF PLANT AND EQUIPMENT – The estimates for the useful lives and related depreciation charges for plant and equipment is based on commercial and production factors which could change significantly as a result of technical innovations and competitor actions in response to severe market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete or non-strategic assets that have been abandoned or sold. The carrying amount of plant and equipment as at 31 December 2006 and 30 June 2007 was $8,045,000 and $7,994,000 respectively.

INVENTORY RELATED ALLOWANCES – A review is made periodically on inventory for excess inventory, obsolescence and declines in net realisable value below cost and record an allowance against the inventory balance for any such declines. These reviews require management to estimate future demand for the Company's products. Possible changes in these estimates could result in revisions to the valuation of inventory. The carrying amount of inventory as at 31 December 2006 and 30 June 2007 was $13,853,000 and $18,042,000 respectively.

RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS

GENERAL RISK MANAGEMENT PRINCIPLES – The financial instruments comprise borrowings, some cash and liquid resources, and various other items, including trade and other receivables, trade and other payables. The main purpose of these financial instruments is to raise finance for the entity's operations. The main risks arising from the entity's financial instruments are credit risk, interest risk, liquidity risk, foreign currency risk and market price risk comprising interest rate and currency risk exposures. The management reviews and monitors policies for managing each of these risks and they are summarised below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

CREDIT RISK ON FINANCIAL ASSETS – Financial assets that are potentially subject to the concentrations of credit risk and failures by counterparties to discharge their obligations consist principally of cash, cash equivalents and trade and other accounts receivable. Credit risk on cash balances and derivative financial instruments is limited because the counter-parties are banks with high credit ratings. An ongoing credit evaluation is performed of the debtors' financial condition and a loss from impairment is recognised in the income statement. There is no significant concentration of credit risk, as the exposure is spread over a large number of counterparties and customers unless otherwise disclosed in the notes to the financial statements.

OTHER RISKS ON FINANCIAL INSTRUMENTS – The main risks arising from the entity's financial instruments are interest risk, liquidity risk and foreign currency risk. The operations are financed through a mixture of retained earnings and borrowings. Borrowings are in the desired currencies at both fixed and floating rates of interest. The policy is to retain flexibility in selecting borrowings at both fixed and floating rates of interest. There is exposure to interest rate price risk for financial instruments with a fixed interest rate and to interest rate or cash flow risk for financial instruments with a floating interest rate that is reset as market rates change. Interest rate swaps are not used to generate the desired interest profit and to manage the exposure to interest rate fluctuations. There is also exposure to liquidity. As regards liquidity, the policy has been to ensure continuity of funding and where necessary a certain percentage of the borrowings should mature in two to five years. Short-term flexibility is achieved by overdraft facilities. There is also exposure to changes in foreign exchange rates arising from foreign currency transactions and balances and changes in fair values. These exposures and changes in fair values from time to time are monitored and any gains and losses are included in the income statement unless otherwise stated in the notes to the financial statements. The policy is to reduce currency exposures through forward currency contracts or other arrangements. From time to time, there may be foreign exchange arrangements or similar instruments entered to reduce currency exposures. These arrangements are not used for trading or speculative purposes.

FOREIGN EXCHANGE FORWARD CONTRACTS – Foreign exchange forward contracts are used to limit exposure to losses on account receivables and payables and anticipated transactions denominated in foreign currencies resulting from changes in foreign currency exchange rates. Foreign exchange forward contracts which are designated and effective as hedges of such currency exchange rate risk on existing assets and liabilities are marked to market and included as an offset to foreign exchange losses/gains recorded on the existing assets and liabilities. Such contracts on anticipated transactions, which do not qualify as hedges for accounting purposes, are marked to market with changes in value recognised in foreign exchange gains / losses in the income statement.

3. RELATED PARTY TRANSACTIONS

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

3. RELATED PARTY TRANSACTIONS (Cont'd)

3.1. Related parties:

There are transactions and arrangements between the Company and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related party balances are unsecured, without fixed repayment terms and interest unless stated otherwise. For non-current balances, an interest is imputed based on the prevailing market interest rate for similar debt less the interest rate if any provided in the agreement for the balance. The guarantees are provided by the guarantor without charge but fair values were imputed and considered to be not significant.

Significant related party transactions:

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

	Related parties	
	Six months ended 30 June	
	2006	2007
	$'000	$'000
Purchases of goods	10	9
Use of exhibition space	–	12
Rental expense	84	102

3.2. Key management compensation:

	Six months ended 30 June	
	2006	2007
	$'000	$'000
Salaries and other short-term employee benefits	339	482

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

	Six months ended 30 June	
	2006	2007
	$'000	$'000
Remuneration – Directors of the subsidiaries	237	396

Key management persons are Directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The above amounts for key management compensation are for all the Directors and two other key management personnel.

3.3. Other receivables from and other payables to related parties:

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

3. RELATED PARTY TRANSACTIONS (Cont'd)

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

	Directors	
	31 December 2006 $'000	30 June 2007 $'000
Other payables:		
Balance at beginning of year /period	(436)	(98)
Amounts paid out during the year /period	254	98
Amounts received during the year /period	(916)	–
Other adjustments (a)	1,000	–
Balance at end of year /period – credit	(98)	–

	Other related parties	
	31 December 2006 $'000	30 June 2007 $'000
Other receivables:		
Balance at beginning of year /period	2,582	1,841
Amounts paid out during the year /period	698	–
Amounts received during the year /period	(439)	(1,841)
Other adjustments (a)	(1,000)	–
Balance at end of year /period – debit	1,841	–

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

3.4. Commitments and contingencies:

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

4. CASH AND CASH EQUIVALENTS

	31 December 2006 $'000	30 June 2007 $'000
Not restricted in use	501	1,220
Analysis of above amount denominated in foreign currency:		
Malaysia Ringgit	119	88
United States dollars	230	176

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

4. CASH AND CASH EQUIVALENTS (Cont'd)

Cash in the cash flow statement:

	Six months ended 30 June	
	2006	2007
	$'000	$'000
Cash and cash equivalents at end of period	713	1,220
Bank overdrafts	(1,705)	(932)
	(992)	288

Non-cash transactions – Additions to plant and equipment for six-month periods ending 30 June 2006 and 2007 amounting to $80,000 and $25,000 respectively were financed by new finance leases.

5. TRADE AND OTHER RECEIVABLES

	31 December 2006	30 June 2007
	$'000	$'000
Trade receivables:		
Outside parties	9,326	13,754
Less provision for impairment	(410)	(399)
Other receivables:		
Related parties (Note 3)	1,842	–
Prepayments (a)	47	131
Deposits	65	64
Other receivables	162	110
Less provision for impairment	(50)	(50)
Total trade and other receivables	10,982	13,610

(a) Included in prepayment is an amount of $129,000 (2006: Nil) which relates to expenses incurred in connection with the proposed public listing of the Company's shares on the Singapore Exchange Securities Trading Limited.

The average credit period generally granted to non-related trade receivable customers is 30 to 90 days for 2006 and 2007. The average trade receivables' turnover days were 82 days and 103 days for 2006 and 2007 respectively. This was calculated using the average trade receivables (net of provision for impairment of trade debts) divided by revenue for the year.

	31 December 2006	30 June 2007
	$'000	$'000
Movements in above provision:		
Balance at beginning of year/ period	305	460
Charge (reversal) for trade receivables to income statement included in financial expense (income)	105	(11)
Charge for other receivables to income statement included in financial expense	50	–
Balance at end of year/ period	460	449
Analysis of above amount denominated in foreign currency:		
United States dollars	761	2,229
Malaysia Ringgit	188	275

5. TRADE AND OTHER RECEIVABLES (Cont'd)

	31 December 2006 $'000	30 June 2007 $'000
Concentration of trade receivable customers:		
Top 1 customer	1,926	2,346
Top 2 customers	2,824	4,162
Top 3 customers	3,315	5,075

Current receivables with a short duration are not discounted and the carrying amounts are assumed to be a reasonable approximation of fair values.

About 33% of the trade receivables as at 30 June 2007 is past due.

The amount owing by related parties has been repaid in 2007.

6. INVENTORIES

	31 December 2006 $'000	30 June 2007 $'000
Goods for resale	13,853	18,042

	Six months ended 30 June	
	2006 $'000	2007 $'000
Change in inventories (increase)	(866)	(4,189)
Cost of purchases	11,258	17,518

7. PROPERTY, PLANT AND EQUIPMENT

	Freehold properties $'000	Leasehold property and improvement $'000	Plant and equipment $'000	Total $'000
Cost:				
At beginning of year 1 January 2006	2,485	3,502	3,084	9,071
Additions	602	–	752	1,354
Disposals	–	–	(621)	(621)
Foreign exchange adjustment	3	–	–	3
At end of year 31 December 2006	3,090	3,502	3,215	9,807
Accumulated depreciation:				
At beginning of year 1 January 2006	474	152	1,001	1,627
Depreciation for the year	28	71	350	449
Disposals	–	–	(314)	(314)
At end of year 31 December 2006	502	223	1,037	1,762
Net book value:				
At end of year 31 December 2006	2,588	3,279	2,178	8,045

7. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Freehold properties $'000	Leasehold property and improvement $'000	Plant and equipment $'000	Total $'000
Cost:				
At beginning of period 1 January 2007	3,090	3,502	3,215	9,807
Additions	–	–	231	231
Disposals	–	–	(78)	(78)
Foreign exchange adjustment	11	–	3	14
At end of period 30 June 2007	3,101	3,502	3,371	9,974
Accumulated depreciation:				
At beginning of period 1 January 2007	502	223	1,037	1,762
Depreciation for the period	16	35	193	244
Disposals	–	–	(26)	(26)
At end of period 30 June 2007	518	258	1,204	1,980
Net book value:				
At end of period 30 June 2007	2,583	3,244	2,167	7,994

The depreciation expense is charged as follows:

	Cost of sales $'000	Administrative expenses $'000	Total $'000
Period ended 30 June 2006	94	121	215
Period ended 30 June 2007	107	137	244

7. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

i. The properties held by the Group at the end of the period is as follows:

Location of property	Tenure of land	Gross land area (sqm)	Gross built-in area (sqm)	Existing use
20A Lorong Ampas, Singapore 328780	Freehold	N.A.	218	Vacant
16 Lorong Ampas, Singapore 328778	Freehold	N.A.	218	Vacant
16B Lorong Ampas, Singapore 328778	Freehold	N.A.	237	Vacant
16D Lorong Ampas, Singapore 328778	Freehold	N.A.	237	Vacant
45 Joo Koon Circle, Singapore 629106	30 years from 1 April 1993 with option to extend another 30 years	6,178	4,786	Office, workshop, warehouse
No. 5 Jalan Gemilang 3, Taman Perindustrian Cemerlang, 81800 Ulu Tiram, Johor, Malaysia	Freehold	1,338	861	Office, workshop, warehouse

ii. The Group's freehold and leasehold properties are mortgaged to a bank for credit facilities and term loan as disclosed in Notes 8 and 10.

iii. Motor vehicles with a net book value of $953,000 and $923,000 for 2006 and 2007 respectively are registered in the names of Directors who hold the assets in trust for the Group.

iv. Certain items are under finance lease agreements (see Note 11).

8. SHORT-TERM BORROWINGS

	31 December 2006 $'000	30 June 2007 $'000
Bank overdrafts	1,611	932
Bank loans	1,792	4,047
	3,403	4,979
Analysis of above amount denominated in foreign currency:		
Malaysia Ringgit	–	32

8. SHORT-TERM BORROWINGS (Cont'd)

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

	31 December 2006 $'000	30 June 2007 $'000
Bank loans and bank overdrafts	4.5% to 6.45%	5.05% to 6.75%

All the short-term borrowings are interest bearing. The carrying values are assumed to be a reasonable approximation of fair values.

The bank loan, bank overdrafts and other credit facilities are covered by a joint and several guarantee from the directors and a first and legal charge on the leasehold and freehold properties of the Group. (Note 7).

The exposure of the short-term borrowing to interest rate charges and the contractual repricing dates at the balance sheet dates are as follows:

	31 December 2006 $'000	30 June 2007 $'000
Below 6 months	2,861	4,687
Within 6 to 12 months	542	292
Total short-term borrowings	3,403	4,979

9. TRADE AND OTHER PAYABLES

	31 December 2006 $'000	30 June 2007 $'000
Trade payables:		
Outside parties and accrued liabilities (a)	15,360	19,926
Related parties (Note 3)	31	–
Other payables:		
Directors (Note 3)	98	–
Related parties (Note 3)	1	–
Rental deposits	43	13
Other payables	351	977
Total trade and other payables	15,884	20,916
Analysis of above amount denominated in foreign currency:		
United States dollars	13,332	14,701
Australian dollars	–	427
Euro	–	93
Malaysia Ringgit	365	623

(a) Included in the amount are bills payable of $11,255,000 and $13,199,000 for 2006 and 2007 respectively. Interest was charged at rates ranging from 5.50% to 7.72% for 2006 and 4.75% to 7.23% for 2007.

9. TRADE AND OTHER PAYABLES (Cont'd)

The average credit period taken to settle non-related trade payables is about 30 to 90 days for 2006 and 2007. The other payables are with short-term durations. The carrying amounts are assumed to be a reasonable approximation of fair values.

The average trade payables' turnover days were 152 days and 184 days for 2006 and 2007 respectively. This was calculated using average trade payables divided by purchases for the year.

10. LONG-TERM BORROWINGS

	31 December 2006 $'000	30 June 2007 $'000
Bank loans		
Term loan 1	1,047	1,024
Term loan 2	98	32
Term loan 3	54	36
Term loan 4	2,234	2,191
Term loan 5	676	514
Term loan 6	346	345
	4,455	4,142
The borrowing is repayable as follows:		
Amounts due within a year	636	558
Total current portion	636	558
Non-current portion	3,819	3,584
The non-current portion is repayable as follows:		
Due within 2 to 5 years	1,084	900
After 5 years	2,735	2,684
Total non-current portion	3,819	3,584
Analysis of above amount denominated in foreign currency:		
Malaysia Ringgit	346	345
The range of floating interest rates which approximate the weighted effective interest rates paid were as follows:	3.38% -5.5%	3.38% -5.5%

10. LONG-TERM BORROWINGS (Cont'd)

The exposure of the long-term borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	31 December 2006 $'000	30 June 2007 $'000
Below 6 months	318	279
Within 6 to 12 months	318	279
Within 2 to 5 years	1,084	900
Over 5 years	2,735	2,684
Total long-term borrowings	4,455	4,142

The carrying value of long-term borrowing approximate the fair value.

All the borrowings are interest bearing.

(a) Term loan 1 is repayable by 240 equal monthly instalments commencing May 2002. This is secured by a joint and several personal guarantees of the directors and a first and legal charge on the freehold property of Soon Lian Hardware (Pte.) Ltd.

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

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

These are secured by:
(i) joint and several guarantees by the directors;
(ii) first and legal charge on the leasehold property of Soon Lian Hardware (Pte.) Ltd.;
(iii) first and legal charge on certain machinery of Soon Lian Hardware (Pte.) Ltd. with a net book value amounting to $121,000 and $112,000 for 2006 and 2007 respectively.

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

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

11. FINANCE LEASES LIABILITIES

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

30 June 2007	Minimum payments $'000	Finance Charges $'000	Present value $'000
Minimum lease payments payable:			
Due within one year	157	(11)	146
Due within 2 to 5 years	36	(4)	32
Total	193	(15)	178
Net book value of plant and equipment under finance leases			962

	31 December 2006 $'000	30 June 2007 $'000
Analysis of above present value denominated in foreign currency:		
Malaysia Ringgit	43	35

It is a policy to lease certain of its plant and equipment under finance leases. The average lease term is 1 – 4 years. The rate of interest for finance leases is about 2.2% to 5.5% and 2.2% to 3.9% for 2006 and 2007 respectively. There is an exposure to fair value interest risk because the interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The obligations under finance leases are secured by the lessor's charge over the leased assets.

The carrying amounts of the lease liabilities approximates the fair values.

12. SHARE CAPITAL

	Number of shares '000	Issued share capital $'000
Ordinary shares:		
Balance at end of year 31 December 2005 [(a)]	2,150	1,981
Issue of shares	200	87
Balance at 31 December 2006 and at 30 June 2007 [(a)]	2,350	2,068

	31 December 2006	30 June 2007
Debt to adjusted capital ratio	3.1	3.3

(a) The share capital represents the share capital of the subsidiaries prior to the Restructuring Exercise (Note 1).

(b) With the changes to the Companies Act, Cap. 50, effective from 30 January 2006, there is the removal of the concept of par value and authorised capital and there is no share premium account.

The ordinary shares of no par value carry no right to fixed income and are fully paid. The Company is not subject to any externally imposed capital requirements.

The Company's objectives when managing capital are: to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level or risk.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt / adjusted capital. Net debt is calculated as total debt (as shown in the balance sheet) less cash and cash equivalents. Adjusted capital comprises all components of equity (i.e. share capital, and retained earnings) other than amounts recognised in equity relating to cash flow hedges, and includes some forms of subordinated debt, if any.

13. REVENUE

	Six months ended 30 June	
	2006	2007
	$'000	$'000
Sale of goods	14,484	19,688
Rental income	126	27
Other income	78	40
	14,688	19,755

14. FINANCIAL INCOME AND (EXPENSE)

	Six months ended 30 June	
	2006	2007
	$'000	$'000
Financial income/ (expense):		
Foreign exchange translation gain	150	33
Reversal for impairment on trade receivables	–	11
Interest expense	(428)	(683)
	(278)	(639)
Presented in the income statement as:		
Financial income	150	44
Financial expense	(428)	(683)
Financial income and (expense) net	(278)	(639)

15. OTHER CHARGES

	Six months ended 30 June	
	2006	2007
	$'000	$'000
Loss on disposal of plant and equipment	7	10

16. INCOME TAX

	Six months ended 30 June	
	2006	2007
	$'000	$'000
Current tax expense	454	561
Deferred tax expense	1	8
Total tax expense	455	569

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 18% (2006: 20%) to profit before tax as a result of the following differences:

	Six months ended 30 June	
	2006	2007
	$'000	$'000
Profit before tax	2,068	3,273
Income tax expense at the statutory rate	414	589
Non-allowable items	52	18
Change in tax rate	–	(25)
Under provision in previous year	–	4
Tax exemptions	(11)	(21)
Effect of different tax rates in different countries	–	4
	455	569

The deferred tax amounts are as follows:

	Balance sheet	
	2006	2007
	$'000	$'000
Deferred tax liabilities:		
Excess of net book value of plant and equipment	260	268
Net change in income statement	1	8

The deferred tax liability is not expected to be settled within one year.

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

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

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

17. EARNINGS PER SHARE

The earnings per share for the periods ended 30 June 2006 and 2007 are calculated by dividing the Group's profit for the period of $1,613,000 and $2,704,000 respectively by the number of the pre-invitation ordinary shares of 81,000,000.

Both basic and diluted earnings per share are the same as there are no dilutive ordinary share equivalents outstanding during the period ended 30 June 2006 and 2007.

18. EMPLOYEE BENEFITS EXPENSE

	Six months ended 30 June	
	2006	2007
	$'000	$'000
Employee benefits expense including directors	793	979
Contributions to defined contribution plan	45	51
Other benefits	30	38
Total employee benefits expense	868	1,068

19. DIVIDENDS

	Six months ended 30 June	
	2006	2007
	$'000	$'000
Final dividend paid of 30 cents net of income tax and 80 cents (one-tier tax exempt) per share	–	1,650

20. BANK FACILITIES

	Six months ended 30 June	
	2006	2007
	$'000	$'000
Bank guarantees	–	818

21. DERIVATIVE FINANCIAL INSTRUMENTS

The following are the principal derivative financial instruments.

Currency derivatives:

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

At the balance sheet dates, the Group had contracted to sell and purchase the following amounts under forward contracts.

	31 December	30 June
	2006	2007
	$'000	$'000
Purchase United States dollars for Singapore dollars:		
Contractual amount	4,910	10,520
Estimated fair value adjustment	(115)	(11)

The forward contracts expire within six months after the balance sheet date.

The fair value of the currency derivatives is estimated as above based on market values of equivalent instruments at the balance sheet date.

21. DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

Fair value adjustments of the above derivative were not made in the income statement for the period ended 30 June 2007 as the amounts were immaterial.

22. FINANCIAL ASSETS AND LIABILITIES

The following table summarises the carrying amount of financial assets and liabilities recorded at the balance sheet date by FRS 39 category:

	31 December 2006 $'000	30 June 2007 $'000
Financial assets		
Cash and cash equivalents	501	1,220
Financial assets at fair value through the income statement	–	–
Available for sale investments	–	–
Loans and receivables: trade and other receivables	10,982	13,610
Held-to-maturity investments	–	–
Balance at end of year	11,483	14,830
Financial liabilities		
At fair value through the income statement	24,032	30,215
Measured at amortised cost	–	–
– Borrowings	–	–
– Derivatives financial instruments	–	–
– Trade and other payables	–	–
Balance at end of year	24,032	30,215

23. OPERATING LEASE PAYMENT COMMITMENTS

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

	31 December 2006 $'000	30 June 2007 $'000
Not later than one year	263	249
Later than one year and not later than five years	356	264
Later than five years	2,670	2,638
Rental expense for the year/ period	252	149

Operating lease payments represent rentals payable for the Group's leasehold property, warehouse and workers' dormitory at:

Leasehold property

- 45 Joo Koon Circle
  The lease from Jurong Town Corporation is for 60 years from 1 April 1993.

Warehouse

- 37 Joo Koon Road
  The lease from Concentrate Engineering (Pte) Ltd – related party is for 2 years from 1 July 2004.

Workers' dormitory

- 21 Tuas View Loop
  The lease from TSL 8Quarters Pte Ltd is for 1 year from 1 July 2006.

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

24. OPERATING LEASE INCOME COMMITMENTS

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

	31 December 2006 $'000	30 June 2007 $'000
Not later than one year	32	–
Later than one year and not later than five years	–	–
Rental income for the year/period	296	27

Operating lease income represents rentals receivable from certain of the Group's freehold properties. The lease rental term are negotiated for an average term of two years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage. Such increases are not included in the above amounts.

25. FINANCIAL INFORMATION BY SEGMENTS

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

(a) Marine industry ("M");

(b) Precision engineering ("PE");

(c) Stockists and traders ("ST"); and

(d) Others ("O").

Segment results consist of costs directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

Unallocated items comprise cash and cash equivalents, inventories, other receivables, property, plant and equipment, short-term borrowings, trade and other payables, current tax payable, interest-bearing borrowings, finance leases, deferred tax liabilities, financial income, financial expense, distribution costs, administrative expenses, other credits/(charges) and income tax expense.

25. FINANCIAL INFORMATION BY SEGMENTS (Cont'd)

The following tables present the segment revenue and results and certain assets and liabilities information regarding segments as at 30 June 2006 and 2007.

Market segments	Six months ended 30 June 2006					Six months ended 30 June 2007				
	M	PE	ST	O	Total	M	PE	ST	O	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	
REVENUE										
External sales	5,933	7,060	861	834	14,688	10,959	6,483	1,535	778	
RESULTS										
Segment results	1,555	1,691	142	340	3,728	3,017	1,976	350	242	
Financial income					150					
Financial expense					(428)					
Distribution costs					(243)					
Administrative expenses					(1,132)					
Other charges					(7)					
Profit before tax					2,068					
Income tax expense					(455)					
Profit for the period					1,613					
OTHER INFORMATION		31 December 2006					30 June 2007			
Segment assets	4,466	3,239	560	651	8,916	8,077	3,500	1,185	593	
Segment assets – unallocated					24,465					
Total assets					33,381					
Segment liabilities – unallocated					25,267					
Total liabilities					25,267					
Capital expenditures – unallocated					1,354					
Depreciation - unallocated					215					

25. FINANCIAL INFORMATION BY SEGMENTS (Cont'd)

Geographical segments

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

	Six months ended 30 June	
	Sales revenue	
	2006	2007
	$'000	$'000
Singapore	7,239	7,383
Malaysia	4,583	5,710
Indonesia	448	1,501
Philippines	71	1,423
Other	2,347	3,738
	14,688	19,755

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

	Carrying amount of segment assets	
	31 December 2006	30 June 2007
	$'000	$'000
Singapore	31,976	38,987
Malaysia	1,405	1,879
	33,381	40,866

	Additions to property, plant and equipment	
	31 December 2006	30 June 2007
	$'000	$'000
Singapore	673	187
Malaysia	681	44
	1,354	231

26. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the period ended 30 June 2007 the following new or revised Singapore Financial Reporting Standards were adopted for the first time. The new or revised standards did not require any modification of the measurement method or the presentation in the financial statements.

FRS No.	Title
FRS 1	Presentation of Financial Statements - Amendments relating to capital disclosures
FRS 10	Events after the Balance Sheet Date
FRS 12	Income Taxes
FRS 14	Segment Reporting
FRS 17	Leases
FRS 19	Employee Benefits
FRS 32	Financial Instruments: Presentation
FRS 33	Earnings per Share
FRS 39	Financial Instruments: Recognition and Measurement
FRS 39	Implementation Guidance
FRS 40	Investment Property (*)
FRS 101	First-time Adoption of Financial Reporting Standards (*)
FRS 101	Implementation Guidance (*)
FRS 102	Share-based Payment
FRS 103	Business Combinations
FRS 104	Insurance Contracts (*)
FRS 104	Implementation Guidance - Revisions relating to FRS 107 Financial Instruments: Disclosures
FRS 107	Financial Instruments: Disclosures - Implementation Guidance
INT FRS 105	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (*)

(*) Not relevant to the entity.

27. FUTURE CHANGES IN ACCOUNTING STANDARDS

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to have a material impact on the financial statements.

FRS No.	Title	Effective date for periods beginning on or after
FRS 108	Operating Segments	1.1.2009
INT FRS 111	FRS 102 – Group and Treasury Share Transactions (*)	1.3.2007
INT FRS 112	Service Concessions Arrangements (*)	1.1.2008

(*) Not relevant to the entity.

28. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 3 December 2007.

29. SUBSEQUENT EVENTS

In addition to the events disclosed in Note 1 to the unaudited combined financial statements of the Group on pages B-6 and B-7 of this independent auditors' report, no other significant events took place subsequent to the period ended 30 June 2007.

INDEPENDENT AUDITORS' REPORT ON THE UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION OF SOON LIAN HOLDINGS LIMITED

3 December 2007

The Board of Directors
Soon Lian Holdings Limited
45 Joo Koon Circle
Singapore 629106

Dear Sirs,

This report has been prepared for solely in connection with the proposed listing of Soon Lian Holdings Limited (the "Company") on the Singapore Exchange Securities Trading Limited.

We report on the unaudited pro forma combined financial information of the Company and its subsidiaries (collectively, the "Group") set out on pages C-3 to C-6, which has been prepared, for illustrative purposes only and based on certain assumptions after making certain adjustments to show what the financial position of the Group as at 31 December 2006 and 30 June 2007 would have been if the Significant Events stated in Explanatory Note (a) to the unaudited pro forma combined financial information has occurred on 31 December 2006 and 30 June 2007.

The unaudited pro forma combined financial information, because of their nature, may not give a true picture of the Group's actual financial positions.

The unaudited pro forma combined financial information is the responsibility of the directors of the Company. Our responsibility is to express an opinion on the unaudited pro forma combined financial information based on our work.

We carried out our procedures in accordance with Singapore Statement of Auditing Practice 24: *Auditors and Public Offering Documents*. Our work, which involved no independent examination of the unaudited pro forma combined financial information, consisted primarily of comparing the unaudited pro forma combined financial information to the audited combined financial statements of the Group for the years ended 31 December 2004, 2005 and 2006 and the unaudited combined financial statements of the Group for the six–month period ended 30 June 2007, considering the evidence supporting the adjustments and discussing the unaudited pro forma combined financial Information with the directors of the Company.

In our opinion:

(a) the unaudited pro forma combined financial information have been properly prepared:

(i) on the basis stated in the Explanatory Note (b) of the unaudited pro forma combined financial information;

(ii) such basis is consistent with the accounting policies adopted by the Company in its latest combined financial statements; and

(b) each material adjustment made to the information used in the preparation of the unaudited pro forma combined financial information is appropriate for the purpose of preparing such unaudited pro forma combined financial information.

Yours faithfully,

RSM Chio Lim
Certified Public Accountants
Singapore

Partner in charge of audit: Lim Lee Meng
A member of the Institute of Certified Public Accountants of Singapore

SOON LIAN HOLDINGS LIMITED
UNAUDITED PRO FORMA COMBINED BALANCE SHEET AS AT 31 DECEMBER 2006

	Audited Combined Balance Sheet 31 December 2006	Unaudited Pro Forma Adjustment (see Explanatory Note (b))	Unaudited Pro Forma Combined Balance Sheet 31 December 2006
	$'000		$'000
ASSETS			
Current assets:			
Cash and cash equivalents	501		501
Trade and other receivables	10,982		10,982
Inventories	13,853		13,853
Total current assets	25,336		25,336
Non-current assets:			
Property, plant and equipment	8,045	(1,974)[iii]	6,071
Total non-current assets	8,045		6,071
Total assets	33,381		31,407
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings	3,403		3,403
Trade and other payables	15,884		15,884
Current tax payable	975		975
Current portion of long-term borrowings	636		636
Current portion of finance leases	198		198
Total current liabilities	21,096		21,096
Non-current liabilities:			
Deferred tax liabilities	260		260
Long-term borrowings	3,819		3,819
Finance leases	92		92
Total non-current liabilities	4,171		4,171
Total liabilities	25,267		25,267
Equity:			
Share capital	2,068	4,121[i],[ii]	6,189
Other reserves	(3)		(3)
Retained earnings	6,049	(6,095)	(46)
Total equity	8,114		6,140
Total liabilities and equity	33,381		31,407

SOON LIAN HOLDINGS LIMITED
UNAUDITED PRO FORMA COMBINED BALANCE SHEET AS AT 30 JUNE 2007

	Unaudited Combined Balance Sheet 30 June 2007	Unaudited Pro Forma Adjustment [see Explanatory Note (b))	Unaudited Pro Forma Combined Balance Sheet 30 June 2007
	$'000		$'000
ASSETS			
Current assets:			
Cash and cash equivalents	1,220		1,220
Trade and other receivables	13,610		13,610
Inventories	18,042		18,042
Total current assets	32,872		32,872
Non-current assets:			
Property, plant and equipment	7,994	(1,974)[iii]	6,020
Total non-current assets	7,994		6,020
Total assets	40,866		38,892
LIABILITIES AND EQUITY			
Current liabilities:			
Short-term borrowings	4,979		4,979
Trade and other payables	20,916		20,916
Current tax payable	1,206		1,206
Current portion of long-term borrowings	558		558
Current portion of finance leases	146		146
Total current liabilities	27,805		27,805
Non-current liabilities:			
Deferred tax liabilities	268		268
Long-term borrowings	3,584		3,584
Finance leases	32		32
Total non-current liabilities	3,884		3,884
Total liabilities	31,689		31,689
Equity:			
Share capital	2,068	4,121[i],[ii]	6,189
Other reserves	6		6
Retained earnings	7,103	(6,095)	1,008
Total equity	9,177		7,203
Total liabilities and equity	40,866		38,892

Explanatory Notes:

(a) Significant Events

Save for the following change to the capital structure of the Company enumerated in (i) to (ii) and the subsequent significant asset disposals, enumerated in (iii) herein (the "Significant Events"), the Directors of the Company, as at the date of this report, are not aware of any significant acquisition / disposal of any asset or any entity, business or business trust by the Group after 30 June 2007 and / or any significant changes to the capital structure of the Company subsequent to 30 June 2007.

(i) Pursuant to the sale & purchase agreement dated 29 October 2007, the Company acquired the entire issued and paid up capital of Soon Lian Hardware (Pte.) Ltd of $1,500,000 comprising 1,500,000 ordinary shares for an aggregate consideration of $8,444,000. The consideration was partially satisfied by the allotment and issue of 5,444,000 Shares by the Company and balance consideration of $3,000,000 was to be paid in cash. On 30 October 2007, the 5,444,000 Shares was allotted by the Company;

(ii) Pursuant to the sale and purchase agreement dated 29 October 2007, the Company acquired the entire issued and paid up capital of Soon Lian Hardware (M) Sdn. Bhd. of MYR500,000 comprising 500,000 ordinary shares for an aggregate consideration of $395,000. The consideration was satisfied by the allotment of and issue of 395,000 Shares by the Company. On 30 October 2007, the 395,000 Shares was allotted by the Company;

(iii) Subsequent to 30 June 2007, the Group sold four freehold properties at 16, 16B, 16D and 20A Jalan Ampas, GS Building, Singapore to Soon Tien Investments for an aggregate consideration of $3.0 million. The net book value of these properties amounted to $2.0 million as at 30 June 2007.

The pro forma accounting entries and / or adjustments relating to the significant events and for the purpose of preparing the unaudited pro forma combined financial information, are detailed in Note (b) below.

(b) Basis of preparation of the unaudited pro forma combined financial information

The unaudited pro forma combined financial information for the year ended 31 December 2006 and six months ended 30 June 2007, has been prepared for inclusion in the Prospectus in connection with the invitation of shares of Soon Lian Holdings Limited and should be read in conjunction with the audited combined financial statements of the Group for the years ended 31 December 2004, 2005 and 2006 and the unaudited combined financial statements for the six-month period ended 30 June 2007.

The unaudited pro forma combined financial information, which comprise the unaudited pro forma combined balance sheets as at 31 December 2006 and 30 June 2007 have been prepared for illustrative purposes only.

The unaudited pro forma combined financial information is prepared based on certain assumptions and after making certain adjustments to show what the financial position of the Group as at 31December 2006 and 30 June 2007 would have been if the changes to the capital structure of the Company described in Explanatory Note (a) above had occurred on those balance sheet dates.

The unaudited pro forma combined financial information were prepared based on the following:-

(1) the audited combined financial statements of the Group for the years ended 31 December 2004, 2005 and 2006 which were prepared by the directors of the Company in accordance with the Singapore Financial Reporting Standards ("FRS") and audited by RSM Chio Lim, Singapore, in accordance with Singapore Standards on Auditing. The auditors' report on the financial statements was not qualified.

(2) the unaudited combined financial statements of the Group for the six-month period ended 30 June 2007 which were prepared by the directors of the Company in accordance with FRS and reviewed by RSM Chio Lim, Singapore, in accordance with Singapore Standards on Review Engagements 2410. The auditors' review report on the financial statements was not qualified.

Based on the assumptions discussed above, the following material pro forma adjustments have been made to the combined financial statements of the Group in arriving at the unaudited pro forma combined financial information included herein:

Note : -

(i) This pro forma adjustment represents the acquisition of Soon Lian Hardware (Pte.) Ltd for a consideration of $8,444,000. The consideration being satisfied by the allotment and issue of 5,444,000 ordinary shares of $5,444,000 and the balance of $3,000.000 to be contra with the amount receivable from the sale of the freehold properties.

(ii) This pro forma adjustment represents the acquisition of Soon Lian Hardware (M) Sdn. Bhd. for a consideration of $395,000. The consideration is satisfied by the allotment and issue of 395,000 ordinary shares of $395,000.

(iii) This pro forma adjustment represents the disposal of four freehold properties to Soon Tien Investments.

The gain on disposal of the four freehold properties amounted to $1.0 million. Other than this gain, there is no material impact on the profit and loss statement of the Group, therefore, the unaudited pro forma income statements of the Group have not been presented. The pro forma adjustment does not have any material impact on the cash flows of the Group. Accordingly, unaudited pro forma combined statements of cash flows of the Group have not been presented.

Saved for the gain on disposal of the properties, the unaudited pro forma income statements, if prepared, would not be materially different from the audited combined income statemtens for the year ended 31 December 2007 and the unaudited combined income statements for the six-month period ended 30 June 2007. The unaudited pro forma statements of cash flows, if prepared, would not be materially different from the audited combined statements of cash flows for the year ended 31 December 2006 and the unaudited combined statements of cash flows for the six-month period ended 30 June 2007.

The unaudited pro forma combined financial information, because of their nature, is not necessarily indicative and may not give a true picture of the actual financial position of the Group. For the purpose of preparing this set of unaudited pro forma combined financial information, the Directors have not considered the effect of other events other than those discussed in Explanatory Note (a).

TAXATION

The discussion is a discussion of certain tax matters relating to Singapore income tax, capital gains tax, stamp duty consequences in relation to the purchase, ownership and disposal of our Shares. The discussion is limited to a general description of certain tax consequences in Singapore with respect to the ownership of shares and is based on laws, regulation and interpretations now in effect and available as at the date of this Prospectus. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of our Shares. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore could later disagree with the explanations or conclusions set out below.

Prospective purchases of our Shares should consult their tax advisors concerning the tax consequences of owning and disposing of our Shares. Neither our Company, our Directors nor any other persons involved in this Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, holding or disposal of our Shares.

INCOME TAX

Scope of Tax

Corporate taxpayers are generally subject to Singapore income tax on all Singapore source income, and on foreign source income received or deemed received in Singapore (unless specifically exempted).

In general, individuals are subject to Singapore income tax only on Singapore source income. However, foreign source income received through a partnership may be subject to Singapore income tax if it is received or deemed received in Singapore (unless specifically exempted).

Rates of Tax

75% of up to the first $10,000 of a company's normal chargeable income (excluding Singapore dividends), and 50% of up to the next $190,000 is exempt from corporate tax. The remaining chargeable income (after the tax exemption) is subject to tax at the prevailing corporate tax rate.

The prevailing corporate tax rate for Year of Assessment 2008 (financial year ended in 2007) is 18%.

Singapore tax-resident individuals are generally subject to tax based on a progressive scale. The top marginal rate for Year of Assessment 2008 (basis period calendar year 2007) is 18%.

An individual is regarded as tax resident in Singapore for a year of assessment, if, in the preceding year, he was physically present or had exercised employment in Singapore (other than as a director of a company) for 183 days or more, or he resides in Singapore.

Apart from employment income where special rules apply, non-Singapore resident individuals are generally subject to tax at a rate equivalent to the prevailing corporate tax rate.

Dividend Distributions

A one-tier system takes effect from 1 January 2003 under which tax collected on corporate profits is final and Singapore dividends are tax exempt in the hands of all shareholders. There will no tax credits attached to such dividends.

Our Company falls under the one-tier system. Thus our dividends will be tax exempt to all Shareholders. The dividends will have no tax credit attached.

No withholding tax is imposed on dividend payments made, whether to resident or non-resident shareholders.

Gains on Disposal of Ordinary Shares

Singapore does not impose tax on capital gains. However, gains arising from the disposal of our ordinary shares that are construed to be of an income nature will be subject to tax. Hence, any profits from the disposal of ordinary shares are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature, in which case the gains on disposal of the ordinary shares would be taxable. Similarly, if the gains are regarded by the Inland Revenue Authority of Singapore as having arisen from the carrying on of a trade or business in Singapore, such gains may be taxed as trading income.

STAMP DUTY

No stamp duty is payable on the allotment or holding of our shares.

Where existing Shares is evidenced in certificated form are required in Singapore, stamp duty is payables on the instrument of transfer of the Shares at the rate of $0.20 for every $100 or any part thereof of the consideration for or market value of, the Shares, whichever is higher. The purchaser is liable for stamp duty, unless otherwise agreed.

No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require instruments of transfer to be executed) or if the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is received in Singapore.

ESTATE DUTY

Estate duty is levied on a worldwide estate (except immovable property situated outside Singapore) of an individual domiciled in Singapore, exemptions are available for up to $9 million in respect of residential property, $600,000 in respect of all movable property, and balances in the Central Provident Fund account.

Estate duty is payable at the rate of 5% of the first $12 million of chargeable value (after the above exemptions) of an individual's dutiable assets, and at the rate of 10% thereafter.

Our Shares are considered to be movable property situated in Singapore as we are incorporated in Singapore. Thus, our Shares may be potentially exposed to estate duty if held by an individual who is domiciled in Singapore at the time of death.

For an individual not domiciled in Singapore at the time of death, estate duty is levied only in respect of immovable property situated in Singapore. Accordingly our Shares held by such an individual will not be subject to estate duty.

Individuals domiciled in Singapore should consult their tax advisors regarding the estate duty consequences of owning our Shares in the light of their total assets and possessions, and personal circumstances.

GOODS AND SERVICES TAX ("GST")

The sale of our Company's ordinary shares by an investor belonging in Singapore through an SGX-ST member or to another person belonging in Singapore is an exempt sale not subject to GST.

Where our Company's ordinary shares are sold by a GST-registered investor to a person belonging outside Singapore, the sale is a taxable sale subject to GST at zero-rate if certain conditions are met. Any GST incurred by a GST-registered investor in the making of this supply in the course or furtherance of a business may be recovered from the Comptroller of GST.

Services such as brokerage, handling and clearing charges rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of shares will be subject to GST at the standard rate (currently at 7%). Similar services rendered to an investor belonging outside of Singapore may be zero-rated if certain conditions are met.

DESCRIPTION OF OUR SHARES

The following statements are brief summaries of the rights and privileges of our Shareholders conferred by the laws of Singapore, the Listing Manual and our Articles of Association ("Articles"). These statements summarise the material provisions of our Articles but are qualified in entirety by reference to our Articles, a copy of which is available for inspection at our registered office during normal business hours for a period of six months from the date of this Prospectus.

Ordinary Shares

All of our Shares are in registered form. We may, subject to the provisions of the Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

New Shares

New Shares may only be issued with the prior approval of our Shareholders in a general meeting. The aggregate number of Shares to be issued pursuant to a share issue mandate may not exceed 50% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital, of which the aggregate number of Shares to be issued other than on a pro rata basis to our Shareholders may not exceed 20% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital (the percentage of issued share capital being based on our Company's issued share capital at the time such authority is given after adjusting for new shares arising from the conversion of convertible securities or employee share options on issue at the time such authority is given and any subsequent consolidation or subdivision of Shares). The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted or the date by which the annual general meeting is required by law to be held, whichever is the earlier. Subject to the foregoing, the provisions of the Act and any special rights attached to any class of shares currently issued, all new Shares are under the control of our Board of Directors who may allot and issue the same with such rights and restrictions as it may think fit.

Shareholders

Only persons who are registered in our Register of Members and, in cases in which the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for the Shares, are recognised as our Shareholders. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the Depository Register for that Share. We may close our Register of Members for any time or times if we provide the Registrar of Companies and Businesses with at least 14 days' notice and the SGX-ST at least ten clear Market Days' notice. However, the Register of Members may not be closed for more than 30 days in aggregate in any calendar year. We typically close our Register of Members to determine Shareholders' entitlement to receive dividends and other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid Shares except where required by law or the Listing Manual or the rules or by-laws of any stock exchange on which our Company is listed. Our Board of Directors may decline to register any transfer of Shares which are not fully paid Shares or Shares on which we have a lien. Our Shares may be transferred by a duly signed instrument of transfer in a form approved by the SGX-ST or any stock exchange on which our Company is listed. Our Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. We will replace lost or destroyed certificates for Shares if it is properly notified and if the applicant pays a fee which will not exceed $2 and furnishes any evidence and indemnity that our Board of Directors may require.

General Meetings of Shareholders

We are required to hold an annual general meeting every year. Our Board of Directors may convene an extraordinary general meeting whenever it thinks fit and must do so if shareholders representing not less than 10% of the total voting rights of all Shareholders request in writing that such a meeting be held. In addition, two or more Shareholders holding not less than 10% of our issued share capital may call a meeting. Unless otherwise required by law or by our Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at the meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to the Memorandum of Association and our Articles, a change of our corporate name and a reduction in our share capital. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our Shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A holder of our Shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be Shareholders. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in our Articles, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles, on a show of hands, every Shareholder present in person and by proxy shall have one vote (provided that in the case of a Shareholder who is represented by two proxies, the chairman of the meeting shall be entitled to treat the first named proxy as the authorised representative to vote on a show of hands), and on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than 10% of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by any two Shareholders present in person or by proxy and entitled to vote. In the case of an equality of votes, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits. All dividends are paid *pro rata* among our Shareholders in proportion to the amount paid up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provides otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issue

Our Board of Directors may, with approval of our Shareholders at a general meeting, capitalise any reserves or profits (including profits or monies carried and standing to any reserve) and distribute the same as bonus Shares credited as paid-up to our Shareholders in proportion to their shareholdings. Our Board of Directors may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

Takeovers

Under the Singapore Code on Take-overs and Mergers ("Singapore Take-over Code"), issued by the Authority pursuant to Section 321 of the Securities and Futures Act, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of the voting Shares must extend a takeover offer for the remaining voting Shares in accordance with the provisions of the Singapore Take-over Code. In addition, a mandatory takeover offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30% and 50% of the voting shares acquires additional voting shares representing more than 1% of the voting shares in any 6-month period. Under the Singapore Take-over Code, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:-

(a) the following companies:-

  (i) a company

  (ii) the parent company of (i);

  (iii) the subsidiaries of (i);

  (iv) the fellow subsidiaries of (i);

  (v) the associated companies of (i), (ii), (iii) or (iv); and

  (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v);

(b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;

(e) a financial or other professional adviser, including a stockbroker, with its customer in respect of the shareholdings of:-

  (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and

  (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the customer total 10% or more of the customer's equity share capital;

(f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;

(g) partners; and

(h) the following persons and entities:-

  (i) an individual;

  (ii) the close relatives of (i);

(iii) the related trusts of (i);

(iv) any person who is accustomed to act in accordance with the instructions of (i); and

(v) companies controlled by any of (i), (ii), (iii) or (iv).

Under the Singapore Take-over Code, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert within the preceding 6 months.

Liquidation or Other Return of Capital

If we liquidate or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

Indemnity

As permitted by Singapore law, our Articles provide that, subject to the Act, our Board of Directors and officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgement is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. We may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to us.

Limitations on Rights to Hold or Vote Shares

Except as described in "Voting Rights" and "Takeovers" above, there are no limitations imposed by Singapore law or by our Articles on the rights of non-resident shareholders to hold or vote in respect of our Shares.

Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Act, which gives the Singapore courts a general power to make any order, upon application by any of our shareholders, as they think fit to remedy any of the following situations where:-

(a) our affairs are being conducted or the powers of our Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our shareholders; or

(b) we take an action, or threaten to take an action, or our shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our shareholders, including the applicant.

Singapore courts have a wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Act itself. Without prejudice to the foregoing, the Singapore courts may:-

(a) direct or prohibit any act or cancel or vary any transaction or resolution;

(b) regulate the conduct of our affairs in the future;

(c) authorise civil proceedings to be brought in our name of, or on behalf of, by a person or persons and on such terms as the court may direct;

(d) provide for the purchase of a minority shareholder's Shares by our other shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our share capital; or

(e) provide that we be wound up.

SUMMARY OF MEMORANDUM AND ARTICLES OF ASSOCIATION OF OUR COMPANY

The discussion below provides a summary of the principal objects of our Company as set out in our Memorandum of Association and certain provisions of our Articles of Association and the laws of Singapore. This discussion is only a summary and is qualified by reference to Singapore law and our Memorandum and Articles of Association.

Memorandum of Association and Registration Number

We are registered in Singapore with the Registrar of Companies and Businesses. Our company registration number is 200416295G. Our Memorandum of Association sets out the objects for which our Company was formed, including carrying on business as, *inter alia*, a holding company.

Summary of our Articles of Association

1. Directors

(a) Ability of interested directors to vote

A Director shall not vote in respect of any contract, proposed contract or arrangement or any other proposal in which he has any personal material interest, and he shall not be counted in the quorum present at the meeting.

(b) Remuneration

Fees payable to non-executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of the Company) as shall from time to time be determined by the Company in general meeting. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

Any Director who holds any executive office, or who serves on any committee of the Directors, or who performs services outside the ordinary duties of a Director, may be paid extra remuneration by way of salary, commission or otherwise, as our Directors may determine.

The remuneration of a Managing Director shall be fixed by our Directors and may be by way of salary or commission or participation in profits or by any or all of these modes but shall not be by a commission on or a percentage of turnover.

Our Directors shall have power to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits, to contribute to any scheme or fund or to pay premiums.

(c) Borrowing

Our Directors may exercise all the powers of our Company to raise or borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to secure any debt, liability or obligation of our Company.

(d) Retirement Age Limit

There is no retirement age limit for Directors under our Articles of Association. Section 153(1) of the Act however, provides that no person of or over the age of 70 years shall be appointed a director of a public company, unless he is appointed or re-appointed as a director of the company or authorised to continue in office as a director of the company by way of an ordinary resolution passed at an annual general meeting of the company.

(e) Shareholding Qualification

There is no shareholding qualification for Directors in the Memorandum and Articles of Association of our Company.

2. Share rights and restrictions

Our Company currently has one class of shares, namely, ordinary shares. Only persons who are registered on our register of members and in cases in which the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for the ordinary shares, are recognised as our Shareholders.

(a) Dividends and distribution

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits. All dividends are paid *pro-rata* amongst our Shareholders in proportion to the amount paid up on each Shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

The payment by our Directors of any unclaimed dividends or other moneys payable on or in respect of a Share into a separate account shall not constitute our Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by our Directors for the benefit of our Company. Any dividend unclaimed after a period of six (6) years after having been declared may be forfeited and shall revert to our Company but our Directors may thereafter at their discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.

Our Directors may retain any dividends or other moneys payable on or in respect of a Share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) Voting rights

A holder of our ordinary shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in our Articles of Association, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles of Association, on a show of hands, every Shareholder present in person and by proxy shall have one vote, and on a poll, every Shareholder present in person or by proxy shall have one vote for each ordinary share which he holds or represents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than one-tenth. of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by any two Shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a casting vote.

3. Change in capital

Changes in the capital structure of our Company (for example, an increase, consolidation, cancellation, sub-division or conversion of our share capital) require Shareholders to pass an ordinary resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our Shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. However, we are required to obtain our Shareholders' approval by way of a special resolution for any reduction of our share capital, subject to the conditions prescribed by law.

4. Variation of rights of existing shares or classes of shares

Subject to the Act, whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of our Articles of Association relating to general meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. These provisions shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied or abrogated.

The relevant Article does not impose more significant conditions than the Act in this regard.

5. Limitations on foreign or non-resident shareholders

There are no limitations imposed by Singapore law or by our Articles of Association on the rights of our Shareholders who are regarded as non-residents of Singapore, to hold or vote their Shares.

TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATIONS

You are invited to apply and subscribe for the New Shares subject to the following terms and conditions:-

1. **YOUR APPLICATION MUST BE MADE IN LOTS OF 1,000 NEW SHARES OR INTEGRAL MULTIPLES THEREOF. YOUR APPLICATION FOR ANY OTHER NUMBER OF SHARES WILL BE REJECTED.**

2. Your application for the Offer Shares may be made by way of printed Offer Shares Application Forms or by way of applications through ATMs of the Participating Banks ("ATM Electronic Application") or througn IB websites of the relevant Participating Banks ("Internet Electronic Application", which together with ATM Electronic Applications shall be referred to as "Electronic Applications").

   Your applications for the Placement Shares may only be made by way of printed Placement Shares Application Forms. **YOU MAY NOT USE CENTRAL PROVIDENT FUND ("CPF") FUNDS TO APPLY FOR THE NEW SHARES**.

3. **You are allowed to submit only one application in your own name for either the Offer Shares or the Placement Shares. If you submit an application for the Offer Shares by way of an Application Form, you MAY NOT submit another application for Offer Shares by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at our discretion.**

   If you, being other than an approved nominee company, have submitted an application for the Offer Shares in your own name, you should not submit any other application for the Offer Shares whether by way of an Application Form or by way of an Electronic Application, for any other person. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at our discretion.

   If you have made an application for Placement Shares, you should not make any application for Offer Shares either by way of an Application Form or by way of an Electronic Application and *vice versa*. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at our discretion.

   Conversely, if you have made an application for the Offer Shares either by way of an Application Form or by way of an Electronic Application, you may not make any application for the Placement Shares. Such separate applications shall be deemed to be multiple applications and will be liable to be rejected at our discretion.

   Joint or multiple applications for the New Shares shall be rejected. If you submit or procure submissions of multiple share applications (whether for the Offer Shares, the Placement Shares or both the Offer Shares and the Placement Shares), you may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, Chapter 289 of Singapore, and your applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications will be liable to be rejected at our discretion.

4. We will not accept applications from any person under the age of 21 years, undischarged bankrupts, sole-proprietorships, partnerships, non-corporate bodies, joint Securities Account holders of CDP and from applicants whose addresses (as furnished in their Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Banks as the case may be) bear post office box numbers. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased name at the time of application.

5. We will not recognise the existence of a trust. Any application by a trustee or trustees must be made in his/their own name(s) and without qualification or, where the application is made by way of an Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 6 below.

6. **WE WILL ONLY ACCEPT APPLICATIONS FROM APPROVED NOMINEE COMPANIES**. Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by persons acting as nominees other than approved nominee companies shall be rejected.

7. **IF YOU ARE NOT AN APPROVED NOMINEE COMPANY, YOU MUST MAINTAIN A SECURITIES ACCOUNT WITH CDP IN YOUR OWN NAME AT THE TIME OF YOUR APPLICATION**. If you do not have an existing Securities Account with CDP in your own name at the time of your application, your application will be rejected (if you apply is by way of an Application Form), or you will not be able to complete your Electronic Application (if your application is by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your Securities Account number or provide an incorrect Securities Account number in Section B of the Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected. Subject to paragraph 8 below, your application shall be rejected if your particulars such as name, NRIC/passport number, nationality and permanent residence status and CDP Securities Account Number provided in your Application Form, or in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained with CDP. If you have more than one individual direct Securities Account with CDP, your application shall be rejected.

8. **If your address as stated in the Application Form or, in the case of an Electronic Application, in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allotment and other correspondence from the CDP will be sent to your address last registered with CDP.**

9. **We reserve the right to reject any application which does not conform strictly to the instructions set out in the Application Form and in this Prospectus or which does not comply with the instructions for Electronic Applications or with the terms and conditions of this Prospectus or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn or improper form of remittance. We further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the the instructions set out in the Application Forms or the instructions for Electronic Applications or the terms and conditions of this Prospectus, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.**

10. We reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application, without assigning any reason therefor, and no enquiry and/or correspondence on our decision with regards hereto will be entertained. This right applies to applications made by way of Application Forms and by way of Electronic Applications. In deciding the basis of allotment, which shall be at our discretion, due consideration will be given to the desirability of allotting the New Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

11. Share certificates will be registered in the name of CDP or its nominees and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Application List, a statement of account stating that your Securities Account has been credited with the number of New Shares allotted to you if your application is successful. This will be the only acknowledgement of application monies received and is not an acknowledgement by us. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the New Shares allotted to you. This authorisation applies to applications made by way of Application Forms and by way of Electronic Applications.

12. In the event of an under-subscription for the Offer Shares as at the close of the Application List, that number of Offer Shares under-subscribed shall be made available to satisfy applications for the Placement Shares to the extent that there is an over-subscription for Placement Shares as at the close of the Application List.

    In the event of an under-subscription for the Placement Shares as at the close of the Application List, that number of Placement Shares under-subscribed shall be made available to satisfy applications for the Offer Shares to the extent that there is an over-subscription for the Offer Shares as at the close of the Application List.

    In the event of an over-subscription for Offer Shares as at the close of the Application List and/or the Placement Shares are fully subscribed or over-subscribed as at the close of the Application List, the successful applications for the Offer Shares will be determined by ballot or otherwise as determined by our Directors after consultation with Phillip Securities and approved by the SGX-ST.

    In all of the above instances, the basis of allotment of the New Shares as may be decided upon by our Directors in ensuring a reasonable spread of shareholders of our Company, shall be made public, as soon as practicable, via an announcement through the SGX-ST and through a paid advertisement in a local newspaper.

13. You irrevocably authorise CDP to disclose the outcome of your application, including the number of New Shares allotted to you pursuant to your application, to us, the Issue Manager, the Underwriter and the Placement Agent and, any other parties so authorised by the foregoing persons.

14. Any reference to "you" or the "applicant" in this section shall include an individual, a corporation, an approved nominee company and trustee applying for the Offer Shares by way of an Application Form or by way of an Electronic Application and a person applying for the Placement Shares.

15. By completing and delivering an Application Form or by making and completing an Electronic Application (in the case of an ATM Electronic Application), by pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key on the ATM (as the case may be) or by (in the case of an Internet Electronic Application) clicking "Submit" or "Continue" or "Yes" or "Confirm" or any other relevant button on the IB website screen of the relevant Participating Banks (as the case may be) in accordance with the provisions of this Prospectus, you:-

    (a) irrevocably offer, agree and undertake to subscribe for the number of New Shares specified in your application (or such smaller number for which the application is accepted) at the Issue Price for each New Share and agree that you will accept such New Shares as may be allotted to you, in each case on the terms of, and subject to the conditions set out in this Prospectus and the Memorandum and Articles of Association of our Company;

    (b) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by our Company in determining whether to accept your application and/or whether to allot any New Shares to you;

(c) agree that in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and those set out in the ATMs or the IB websites of the relevant Participating Banks, the terms and conditions set out in this Prospectus shall prevail;

(d) agree that the aggregate Issue Price for the New Shares applied for is due and payable to our Company upon application; and

(e) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Issue Manager, the Underwriter and the Placement Agent will infringe any such laws as a result of the acceptance of your application.

16. Our acceptance of applications will be conditional upon, *inter alia*, our Company being satisfied that:-

(a) permission has been granted by the SGX-ST to deal in and for quotation of all the existing Shares and the New Shares on the Official List of SGX Sesdaq;

(b) the Management and Underwriting Agreement and the Placement Agreement referred to in the "Management, Underwriting and Placement Arrangements" section of this Prospectus have become unconditional and have not been terminated or cancelled prior to such date as we may determine; and

(c) the Authority has not served a stop order which directs that no or no further Shares to which this Prospectus relates be allotted.

17. We will not hold any application in reserve.

18. We will not allot Shares on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.

19. Additional terms and conditions for applications by way of Application Forms are set out below.

20. Additional terms and conditions for applications by way of Electronic Applications are set out below.

21. CDP shall not be liable for any delays, failures or inaccuracies in the recording storage or in the transmission or delivery of data relating to Electronic Applications.

ADDITIONAL TERMS AND CONDITIONS FOR APPLICATIONS USING APPLICATION FORMS

You shall make an application by way of an Application Form on and subject to the terms and conditions of this Prospectus including but not limited to the terms and conditions appearing below as well as those set out under "Terms and Conditions and Procedures for Applications" as well as the Memorandum and Articles of Association of our Company.

1. Your application for the Offer Shares must be made using the **WHITE** Application Form and official envelopes "A" and "B" accompanying and forming part of this Prospectus.

Your application for the Placement Shares must be made using the **BLUE** Application Form accompanying and forming part of this Prospectus.

We draw your attention to the detailed instructions contained in the respective Application Forms and this Prospectus for the completion of the Application Forms which must be carefully followed. **We reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus or to the terms and conditions of this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper forms of remittances.**

2. Your Application Form must be completed in English. Please type or write clearly in ink using **BLOCK LETTERS**.

3. All spaces in the Application Forms except those under the heading "**FOR OFFICIAL USE ONLY**" must be completed and the words "**NOT APPLICABLE**" or "**N.A.**" should be written in any space that is not applicable.

4. Individuals, corporations, approved nominee companies and trustees must give their names in full. You must make your application, in the case of an individual, in your full name as it appears in your identity card (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with our Share Registrar and Share Transfer Office. We reserve the right to require you to produce documentary proof of identification for verification purposes.

5. (a) You must complete Sections A and B and sign on page 1 of the Application Form.

   (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

   (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

6. You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or a permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the New Shares is a citizen or permanent resident of Singapore or a corporation (whether incorporated or unincorporated and wherever incorporated or constituted) in which citizens or permanent residents of Singapore or any body corporate (whether incorporated or unincorporated and wherever incorporated or constituted under any statute of Singapore) have an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporation.

7. Your application must be accompanied by a remittance in Singapore currency for the full amount payable, in respect of the number of New Shares applied for, in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**SOON LIAN SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**", with your name and address written clearly on the reverse side. **WE WILL NOT ACCEPT APPLICATIONS NOT ACCOMPANIED BY ANY PAYMENT OR ACCOMPANIED BY ANY OTHER FORM OF PAYMENT.** We will REJECT REMITTANCES BEARING "NOT TRANSFERABLE" or "NON TRANSFERABLE" crossings. No acknowledgement or receipt will be issued by our Company or the Issue Manager for applications and application monies received.

8. Unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post within 24 hours of the balloting at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days after the close of the Application List provided that the remittance accompanying such application which has been presented for payment or other processes has been honoured and application

monies have been received in the designated share issue account. In the event that the Invitation is cancelled by us following the termination of the Management and Underwriting Agreement and/or the Placement Agreement, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within five days of the termination of the Invitation. In the event that the Invitation is cancelled by us following the issuance of a stop order by the Authority, the application monies received will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 days from the date of the stop order.

9. Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.

10. By completing and delivering the Application Form, you agree that:-

(a) in consideration of our Company having distributed the Application Form to you and agreeing to close the Application List at 12.00 noon on 11 December 2007 or such other time or date as our Directors may, in consultation with the Issue Manager, decide:-

(i) your application is irrevocable; and

(ii) your remittance will be honoured on first presentation and that any application monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom;

(b) all applications, acceptances and contracts resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(c) in respect of the New Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company;

(d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

(e) in making your application, reliance is placed solely on the information contained in this Prospectus and that none of our Company, the Issue Manager, the Underwriter, the Placement Agent nor any other person involved in the Invitation shall have any liability for any information not so contained;

(f) you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, and share application amount to our Share Registrar, CDP, SCCS, SGX-ST, our Company, the Issue Manager, the Underwriter, the Placement Agent or other authorised operators; and

(g) you irrevocably agree and undertake to subscribe the number of New Shares applied for as stated in the Application Form or any smaller number of such New Shares that may be allocated to you in respect of your application. In the event that our Company decides to allot any smaller number of New Shares or not to allot any New Shares to you, you agree to accept such decision as final.

Applications for Offer Shares

1. Your application for Offer Shares **MUST** be made using the **WHITE** Offer Shares Application Form and **WHITE** official envelopes "A" and "B". **ONLY ONE APPLICATION** should be enclosed in each envelope.

2. You must:-

   (a) enclose the **WHITE** Offer Shares Application Form, duly completed and signed, together with the correct remittance in accordance with the terms and conditions of this Prospectus in the **WHITE** envelope "A" provided;

   (b) in the appropriate spaces on **WHITE** envelope "A":-

      (i) write your name and address;

      (ii) state the number of Offer Shares applied for; and

      (iii) affix adequate Singapore postage;

   (c) SEAL the **WHITE** official envelope "A";

   (d) write, in the special box provided on the larger **WHITE** envelope "B" addressed to **Tricor Barbinder Share Registration Services, 8 Cross Street #11-00 PWC Building, Singapore 048424**, the number of Offer Shares for which the application is made; and

   (e) insert **WHITE** official envelope "A" into **WHITE** official envelope "B", seal **WHITE** envelope "B", affix adequate Singapore postage on **WHITE** envelope "B" (if despatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND the documents at your own risk to Tricor Barbinder Share Registration Services, 8 Cross Street #11-00 PWC Building, Singapore 048424, so as to arrive by 12.00 noon on 11 December 2007 or such other time and date as our Company may, in consultation with the Issue Manager, decide. Local Urgent Mail or Registered Post must NOT be used.** No acknowledgement of receipt will be issued for any application or remittance received.

3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

Applications for Placement Shares

1. Your application for Placement Shares **MUST** be made using the **BLUE** Placement Shares Application Form. **ONLY ONE APPLICATION** should be enclosed in each envelope.

2. The completed and signed **BLUE** Placement Shares Application Form and your remittance in full in respect of the number of Placement Shares applied for in accordance with the terms and conditions of this Prospectus, with your name and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage (if despatching by ordinary post) and thereafter, the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to Tricor Barbinder Share Registration Services, 8 Cross Street #11-00 PWC Building, Singapore 048424, so as to arrive by 12.00 noon on 11 December 2007 or such other time and date as our Company may, in consultation with the Issue Manager, decide. Local Urgent Mail or Registered Post must NOT be used**. No acknowledgement of receipt will be issued for any application or remittance received.

3. Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper form of remittance or which are not honoured upon their first presentation are liable to be rejected.

ADDITIONAL TERMS AND CONDITIONS FOR ELECTRONIC APPLICATIONS

The procedures for Electronic Applications are set out on the ATM screens (in the case of ATM Electronic Applications) and the IB websites screens (in the case of Internet Electronic Applications) of the relevant Participating Banks. Currently UOB Group and DBS Bank are the only Participating Banks through which Internet Electronic Applications can be made. For illustration purposes, the procedures for Electronic Applications through ATMs and the IB website of UOB Group are set out respectively, in the "Steps for an Electronic Application through the ATMs of UOB Group" and the "Steps for an Internet Electronic Application through the IB website of UOB Group" (collectively the "Steps") appearing below. The Steps set out the actions that you must take at an ATM or the IB website of UOB Group to complete an Electronic Application. Please read carefully the terms of this Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application. Any reference to "you" or the "applicant" in the "Additional Terms and Conditions for Electronic Applications" and the Steps shall refer to you making an application for Offer Shares through an ATM or the IB website of a relevant Participating Bank.

You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks before you can make an Electronic Application at an ATM. An ATM card issued by one Participating Bank cannot be used to apply for Offer Shares at an ATM belonging to other Participating Banks. For an Internet Electronic Application, you must have an existing bank account with and an IB User Identification ("User ID") and a Personal Identification Number/Password ("PIN") given by a relevant Participating Bank. The Steps set out the actions that you must take at an ATM or the IB website of UOB Group to complete an Electronic Application. The actions that you must take at ATMs or IB websites of other Participating Banks are set out on the ATM screens or the IB websites of the relevant Participating Banks. Upon the completion of your ATM Electronic Application transaction, you will receive an ATM transaction slip ("Transaction Record"), confirming the details of your Electronic Application. Upon completion of your Internet Electronic Application through the IB website of UOB Group, there will be an on-screen confirmation ("Confirmation Screen") of the application which can be printed out for your record. The Transaction Record or the printed record of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.

You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. If you fail to use an ATM card issued in your own name or do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your ATM Electronic Application liable to be rejected.

You must ensure, when making an Internet Electronic Application, that your mailing address for the purpose of the application is in Singapore and the application is being made in Singapore and you will be asked to declare accordingly. Otherwise your application is liable to be rejected.

Your Electronic Application shall be made on the terms and subject to the conditions of this Prospectus including but not limited to the terms and conditions appearing below and those set out in the section entitled "Terms and Conditions and Procedures for Applications" as well as the Memorandum and Articles of Association of our Company.

1. In connection with your Electronic Application for Offer Shares, you are required to confirm statements to the following effect in the course of activating your Electronic Application:-

   (a) **that you have received a copy of this Prospectus (in the case of ATM Electronic Applications only) and have read, understood and agreed to all the terms and conditions of application for Offer Shares in this Prospectus prior to effecting the Electronic Application and agree to be bound by the same;**

(b) **that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number, CPF investment account number (if applicable) and share application details (the "Relevant Particulars") from your account with that Participating Bank to our Share Registrar, CDP, CPF, SCCS, SGX-ST, our Company, the Issue Manager, the Underwriter, the Placement Agent or other authorised operators (the "Relevant Parties"); and**

(c) **that this is your only application for Offer Shares and it is made in your own name and at your own risk.**

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the "Enter" or "OK" or "Confirm" or "Yes" key or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB website screen. By doing so, you signify your confirmation of each of the above 3 statements. In respect of statement 1(b) above, your confirmation, by pressing the "Enter" or "OK" or "Confirm" or "Yes" key in the ATM, or clicking "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB website screen, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore including Section 47(2) of the Banking Act, Chapter 19 of Singapore to the disclosure by that relevant Participating Bank of the Relevant Particulars to the Relevant Parties.

2. **By making an Electronic Application, you confirm that you are not applying for Offer Shares as nominee of any other person and that any Electronic Application that you make is the only application made by you as beneficial owner. You shall make only one Electronic Application for Offer Shares and shall not make any other application for the Offer Shares, whether at the ATMs or the IB websites (if any) of any Participating Bank or on the Application Forms. If you have made an application for Offer Shares or Placement Shares on an Application Form, you shall not make an Electronic Application for Offer Shares and vice versa.**

3. You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which your Electronic Application will not be completed or accepted. **Any Electronic Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATM or the IB website of the relevant Participating Bank through which the Electronic Application is being made shall be rejected**.

   You may make an ATM Electronic Application at the ATM of any Participating Bank or an Internet Electronic Application at the IB website of a relevant Participating Bank for Offer Shares using cash only by authorising such Participating Bank to deduct the full amount payable from your account with such Participating Bank.

4. You irrevocably agree and undertake to subscribe for and to accept the number of Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of Offer Shares that may be allotted to you in respect of your Electronic Application. In the event that we decide to allot any lesser number of such Offer Shares or not to allot any Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the "Enter" or "OK" or "Confirm" or "Yes" key or any other relevant key on the ATM or clicking "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the IB website screen) of the number of Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Offer Shares that may be allotted to you and your agreement to be bound by the Memorandum and Articles of Association of our Company.

5. **We will not keep any applications in reserve**. Where your Electronic Application is unsuccessful, the full amount of the application monies will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 24 hours of balloting provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account. **Trading on a "WHEN ISSUED" basis, if applicable, is expected to commence after such refund has been made**.

   Where your Electronic Application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded in Singapore currency (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank within 14 days after the close of the Application List provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies have been received in the designated share issue account.

   Responsibility for timely refund of application monies from unsuccessful or partially successful Electronic Applications lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank on the status of your Electronic Application and/or the refund of any monies to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Offer Shares allotted to you before trading the Offer Shares on SGX-ST. You may also call CDP phone at 6535 7511 to check the provisional results of your application by using your T-PIN (issued by CDP upon your application for the service) and keying in the stock code (that will be made available together with the results of the allotment via an announcement through the SGX-ST and by advertisement in a generally circulating daily press). To sign up for the service, you may contact CDP customer service officers. Neither the SGX-ST, the CDP, the SCCS, the Participating Banks, our Company, the Issue Manager, the Underwriter or the Placement Agent assume any responsibility for any loss that may be incurred as a result of your having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

6. If your Electronic Application is unsuccessful, no notification will be sent by the Participating Banks.

   If you make an ATM Electronic Application through the ATM or IB website of the following Participating Banks, you may check the results of your Electronic Application as follows:-

Bank	Telephone	Available at ATM/Internet	Operating Hours	Service expected from
UOB Group	1 800 222 2121	ATM ("Other Transactions – "IPO Enquiry")[1] http://www.uobgroup.com[1][2]	ATM / Phone Banking - 24 hours a day Internet Banking - 24 hours a day	Evening of the balloting day Evening of the balloting day
DBS	1 800 339 6666 (POSB Account holders) 1 800 111 1111 (DBS Account holders)	Internet Banking www.dbs.com[2]	24 hours a day	Evening of the balloting day
OCBC Bank	1 800 363 3333	ATM / Internet Banking / Phone Banking[3] http://www.ocbc.com[3]	24 hours a day	Evening of the balloting day

Notes:-

(1) If you have made your Electronic Application through the ATMs or IB website of UOB Group, you may check the results of your application through UOB Personal Internet Banking, UOB Group's ATMs or UOB PhoneBanking Services.

(2) If you have made you Electronic Application through the IB website of UOB Grour or DBS Bank, you may check your results through the same channels listed in the table above in relation to ATM Electronic Applications made at ATMs of UOB Group or DBS Bank.

(3) If you have made your Electronic Application through the ATMs of OCBC, you may check the results of your application through the same channels listed in the table above.

7. Electronic Applications shall close at 12.00 noon on 11 December 2007 or such other time as our Company may, in consultation with the Issue Manager, decide. Subject to paragraph 9 below, an Internet Electronic Application is deemed to be received only upon its completion, that is, when there is an on-screen confirmation on the application.

8. You are deemed to have irrevocably requested and authorised us to:-

(a) register the Offer Shares allotted to you in the name of CDP for deposit into your Securities Account;

(b) send the relevant Share certificate(s) to CDP;

(c) return or refund (without interest or any share of revenue or other benefit arising therefrom) the application monies in Singapore currency, should your Electronic Application be unsuccessful, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours of balloting; and

(d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies in Singapore currency, should your Electronic Application be accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 days after the close of the Application List.

9. You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdowns, fires, acts of God and other events beyond the control of the Participating Banks, and if, in any such event, our Company, the Issue Manager and/or the relevant Participating Bank do not receive your Electronic Application, or data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted, destroyed or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, the Issue Manager, the Underwriter and the Placement Agent and/or the relevant Participating Bank for the Offer Shares applied for or for any compensation, loss or damage.

10. We do not recognise the existence of a trust. Any Electronic Application by a trustee must be made in his own name(s) and without qualification. We will reject any Electronic Application by any person acting as nominee, except those made by approved nominee companies only.

11. All particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you shall promptly notify your Participating Bank.

12. **You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected**. You should promptly inform CDP of any change in address, failing which the notification letter on successful allotment and other correspondence from the CDP will be sent to your address last registered with CDP.

13. By making and completing an Electronic Application, you are deemed to have agreed that:-

(a) In consideration of our Company making available the Electronic Application facility through the Participating Banks acting as our agents, at the ATMs and the IB websites (if any):-

(i) your Electronic Application is irrevocable; and

(ii) your Electronic Application, the acceptance by us, and the contract resulting therefrom under the Invitation shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(b) neither our Company, the Issue Manager nor the Participating Banks nor the CPF Board shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to us or CDP due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 9 above or to any cause beyond their respective controls;

(c) in respect of Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and not otherwise, notwithstanding any payment received by or on behalf of our Company;

(d) you will not be entitled to exercise any remedy of rescission or misrepresentation at any time after acceptance of your application; and

(e) in making your application, reliance is placed solely on the information contained in this Prospectus and that neither our Company, the Issue Manager, the Underwriter, the Placement Agent or any other persons involved in the Invitation shall have any liability for any information not so contained.

STEPS FOR ELECTRONIC APPLICATIONS THROUGH THE ATMS AND IB WEBSITE OF UOB GROUP

The instructions for Electronic Applications will appear on the ATM screens and IB website screens of the relevant Participating Banks. For illustration purposes, the steps for making an Electronic Application through UOB Group's ATMs or through the IB website of UOB Group are shown below. Instructions for Electronic Applications appearing on the ATM screens and the IB website screens (if any) of the relevant Participating Banks other than UOB Group, may differ from those represented below.

Due to space constraints on UOB Group's ATM screen, the following terms will appear in abbreviated form:-

"&"	:	and
"A/C" and "A/CS"	:	ACCOUNT AND ACCOUNTS, respectively
"ADDR"	:	ADDRESS
"AMT"	:	AMOUNT
"APPLN"	:	APPLICATION
"CDP"	:	THE CENTRAL DEPOSITORY (PTE) LIMITED
"CPF"	:	THE CENTRAL PROVIDENT FUND
"CPFINVT A/C"	:	CPF INVESTMENT ACCOUNT

"ESA"	:	ELECTRONIC SHARE APPLICATION
"IC/PSSPT"	:	NRIC or PASSPORT NUMBER
"NO" or "NO."	:	NUMBER
"PERSONAL NO"	:	PERSONAL IDENTIFICATION NUMBER
"REGISTRARS"	:	SHARE REGISTRARS
"SCCS"	:	SECURITIES CLEARING & COMPUTER SERVICES (PTE) LTD
"UOB/ICB CPFIS"	:	UOB or ICB CPF INVESTMENT SCHEME
"YR"	:	YOUR

Steps for an ATM Electronic Application through the ATMs of UOB Group

Step 1 : Insert your personal Unicard, Uniplus card or UOB VISA/MASTER card and key in your personal identification number.

2 : Select "CASHCARD/OTHER TRANSACTIONS".

3 : Select "SECURITIES APPLICATION".

4 : Select the share counter you wish to apply for.

5 : Read and understand the following statements which will appear on the screen:-

— **THIS OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENTS. ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) WILL NEED TO MAKE AN APPLICATION IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENTS**
(Press "ENTER" key to continue)

— **PLEASE CALL 1800 222 2121 IF YOU WOULD LIKE TO FIND OUT WHERE YOU CAN OBTAIN A COPY OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT**

— **WHERE APPLICABLE, A COPY OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS/DOCUMENT OR SUPPLEMENTARY DOCUMENT**

(Press "ENTER" key to confirm that you have read and understood the above statements)

6 : Read and understand the following terms which will appear on the screen:-

— **YOU HAVE READ, UNDERSTOOD & AGREED TO ALL TERMS OF THE PROSPECTUS/DOCUMENT/SUPPLEMENTARY DOCUMENT AND THIS ELECTRONIC APPLICATION**

— **YOU CONSENT TO DISCLOSE YR NAME, IC/PSSPT, NATIONALITY, ADDR, APPLN AMT, CPFINVT A/C NO AND CDP A/C NO FROM YR A/CS TO CDP, CPF, SCCS, REGISTRARS AND ISSUER/VENDOR(S)**

— **THIS IS YR ONLY FIXED PRICE APPLN & IS IN YR NAME AND AT YR RISK**
(Press "ENTER" key to confirm)

7 : Screen will display:-
NRIC/Passport No. XXXXXXXXXXX

IF YOUR NRIC/PASSPORT NO. IS INCORRECT, PLEASE CANCEL THE TRANSACTION AND NOTIFY THE BRANCH PERSONALLY.
(Press "CANCEL" or "CONFIRM")

8 : Select mode of payment i.e. "CASH ONLY". You will be prompted to select Cash Account type to debit (i.e., "CURRENT ACCOUNT/I-ACCOUNT", "CAMPUS" OR "SAVINGS ACCOUNT/TX-ACCOUNT"). Should you have a few accounts linked to your ATM card, a list of linked account numbers will be displayed for you to select.

9 : After you have selected the account, your CDP Securities Account number will be displayed for you to confirm or change. (This screen with your CDP Securities Account number will be shown for applicants whose CDP Securities Account number is already stored in the UOB Group's ATM system). For an applicant who is using UOB Group's ATM to apply for Shares for the first time, the CDP Securities Account number will not be stored in UOB Group's ATM system, hence the screen below will be displayed to you for your input of CDP Securities Account number.

Read and understand the following terms which will appear on the screen:-

— **PLEASE DO NOT APPLY FOR YOUR JOINT A/C HOLDER OR OTHER THIRD PARTIES**

— **PLEASE USE YOUR OWN ATM CARD**

— **DO NOT KEY IN THE CDP A/C NO. OF YOUR JOINT A/C HOLDER OR OTHER THIRD PARTIES**

— **KEY IN YOUR CDP A/C NO. (12 DIGITS) 1681-XXXX-XXXX**

— **PRESS ENTER KEY**

10 : Key in your CDP Securities Account number (12-digits) and press the "ENTER" key.

11 : Select your nationality status.

12 : Key in the number of Shares you wish to apply for and press the "ENTER" key.

13 : Check the details of your Electronic Application on the screen and press the "ENTER" key to confirm your Electronic Application.

14 : Select "NO" if you do not wish to make further transactions and remove the Transaction Record. You should keep the Transaction Record for your own reference only.

Owing to space constraints on UOB Group's IB website screen, the following terms will appear in abbreviated form:-

"CDP"	:	The Central Depository (Pte) Limited
"CPF"	:	The Central Provident Fund
"NRIC" or "I/C"	:	National Registration Identity Card
"PR"	:	Permanent Resident

"SGD" or "$"	:	Singapore Dollars
"SCCS"	:	Securities Clearing & Computer Services (Pte) Ltd
"SGX"	:	Singapore Exchange Securities Trading Limited

Steps for an Internet Electronic Application through the IB website of UOB

Step 1 : Connect to UOB website at http://www.uobgroup.com.

2 : Locate the Login icon on the left hand side next to "Internet Banking".

3 : Click on Login and at the drop list select "UOB Personal Internet Banking".

4 : Enter your Username and Password and click "Submit".

5 : Select "Investment Services" ("IPO" should be the default transaction that appears, click "Application").

6 : Read the IMPORTANT notice and complete the declarations found on the bottom of the page by answering Yes/No to the questions.

7 : Click "Continue".

8 : Select your country of residence (you must be residing in Singapore to apply) and click "Continue".

9 : Select the IPO counter from the drop list (if there are concurrent IPOs) and click "Continue".

10 : (a) Check the share counter.

(b) Select the mode of payment and account number to debit.

(c) Click "Continue".

11 : Read the IMPORTANT instructions and click "Continue" to confirm that:-

1. **You have read, understood and agreed to all terms and conditions of this application and Prospectus/Document or Supplementary Document.**

2. **You consent to disclose your name, I/C or passport number, address, nationality, CDP Securities Account number, CPF Investment Account number (if applicable), and application details to the share registrars, SGX, SCCS, CDP, CPF Board, issuer/vendor(s)**

3. **This application is made in your own name, for your own account and at your own risk.**

4. **For FIXED/MAX price share application, this is your only application. For TENDER price share application, this is your only application for this share at the selected tender price.**

5. **For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: The application monies will be debited from your bank account in S$, based on the Bank's prevailing board rates at the time of application. The different prevailing board rates at the time of the application and at the time of refund of applications monies may result in either a foreign exchange profit or loss, or application monies may be debited and refunds credited in S$ at the same exchange rate.**

6. For 1ST-COME-1ST SERVE securities, the number of securities applied for may be reduced, subject to the availability at the point of application.

12 : Check your personal details, details of the share counter you wish to apply for and account to debit.

Select: (a) "Nationality";

Enter: (b) your CDP securities account number; and

(c) the number of shares applied for.

13 : Check your personal particulars (name, NRIC/Passport number and nationality), details of the share counter you wish to apply for, CDP securities account number, account to debit and number of shares applied for.

14 : Click "Submit", "Clear" or "Cancel".

15 : Print the Confirmation Screen (optional) for your own reference and retention only.

KEY CHANGES UNDER CATALIST RULES

As announced by the SGX-ST on 26 November 2007, the SGX Sesdaq will be replaced by a sponsor-supervised board named Catalist on 17 December 2007. As our Company will be listed prior to 17 December 2007, it will be listed on SGX Sesdaq and subsequently on Catalist with effect from 17 December 2007. The SGX-ST will publish a date ("Transition Date") from which our Company and all existing SGX Sesdaq issuers are required to comply with the listing rules of Catalist (the "Catalist Rules"). At least 12 months' notice will be given and the SGX-ST may impose conditions.

Our Company must meet the following requirements by the Transition Date:-

(a) submit an undertaking to, *inter alia*, comply with the Catalist Rules to the SGX-ST;

(b) comply with any conditions imposed by the SGX-ST;

(c) announce our intention to the market giving no less than one month's notice, including the name of our Sponsor (as defined below) and the date from which we will comply with the Catalist Rules as agreed with the SGX-ST; and

(d) send a copy of the announcement to each Shareholder on our register at the date of the announcement.

Until the above requirements have been met, our Company must continue to comply with the SGX Sesdaq rules. Our Company may be delisted if we fail to comply with the above requirements by the Transition Date.

The following key changes which affect our Company will take place with effect from the day from which we shall comply with the Catalist Rules:-

	Existing Requirements under SGX Sesdaq Rules	**New Requirements under Catalist Rules**
1.	For two years after the listing of a company on the Official List of the SGX Sesdaq, the company must prominently include a statement that its initial public offering was sponsored by its issue manager in all announcements made by it (on SGXNET or otherwise) and in all its information documents.	The SGX-ST will authorise intermediaries ("Sponsors") through certain requirements. After the listing of a company on Catalist, the company must retain a Sponsor at all times. A company may be delisted if it does not have a Sponsor for more than three continuous months.
2.	A company listed on the Official List of the SGX Sesdaq may obtain a mandate from its shareholders to enable it to issue up to 50% of its issued share capital (of which the aggregate number of shares and convertible securities issued other than on a pro-rata basis must not exceed 20% of its issued share capital).	A company listed on Catalist may obtain a mandate from its shareholders to enable it to issue up to 100% of its issued share capital (of which the aggregate number of shares and convertible securities issued other than on a pro-rata basis must not exceed 50% of its issued share capital). In the event where shareholders' approval is obtained via special resolution on or after the first shareholders' meeting, the aggregate number of shares and convertible securities issued other than on a pro-rata basis may be up to 100%.

3.	Subject to the provisions of the Listing Manual, shareholders' approval will be needed by a company listed on the Official List of the SGX Sesdaq whenever it acquires or disposes of assets, in the event that any of the relative figures computed on the following bases (the "Relative Bases") exceed 20%: (a) the net asset value of the assets to be disposed of, compared with the net asset value of the company and its subsidiaries; (b) the net profits attributable to the assets acquired or disposed of, compared to the net profits of the company and its subsidiaries; (c) the aggregate value of the consideration given or received by the company, compared with its market capitalisation; or (d) the number of equity securities issued by the company as consideration for an acquisition, compared with the number of equity securities of the company previously in issue.	Subject to the provisions of the Catalist Rules, shareholders' approval will be needed by a company listed on Catalist when the following takes place: (a) when the company acquires assets, in the event that any of the relative figures computed on the Relative Bases exceed 75% or where the transaction will result in a fundamental change in the company's business; or (b) when the company disposes of assets, in the event that any of the relative figures computed on the Relative Bases exceed 50% or where the transaction will result in a fundamental change in the company's business.
4.	The SGX-ST will review circulars of companies listed on the Official List of the SGX Sesdaq.	The Sponsor will review all documents to be released by companies listed on Catalist to shareholders or to the market (including announcements, resolutions contained in notices of meetings, circulars and corporate actions) before release, to ensure that the company is in compliance with the Catalist Rules and makes proper disclosure.

The Sponsor retained by us shall be responsible for advising us on all matters relating to the Catalist Rules, and shall, *inter alia*:-

(i) monitor the trading of our Shares and seek and review reasons for any unusual fluctuations in the price and volume of our Shares;

(ii) advise us on the suitability of Directors arising from proposed changes to our Board;

(iii) advise us on the appointment of a suitable accounting firm to meet our audit obligations; and

(iv) advise us if the trading of our Shares should be halted or suspended.

SOON LIAN
HOLDINGS LIMITED
順 聯 控 股 有 限 公 司

45 Joo Koon Circle
Singapore 629106









