

Issuer: Soon Lian Holdings Limited

Security: Soon Lian Holdings Limited

Meeting details:

Date: 20 April 2018

Time: 9.30 a.m.

Venue: 9 Tuas Avenue 2 Singapore 639449

Company Description

Soon Lian Holdings Limited, an investment holding company, operates as a specialist supplier of aluminum alloy products primarily to the marine, precision engineering, and semiconductor industries. The company offers aluminum alloy extrusion products, such as rods, bars, tubes, and extruded profiles; and aluminum alloy piping systems covering a range of elbows, flanges, reducers, and tees, as well as aluminum honeycomb products used in ship cabin interior fittings, including partitions, cabinets, and other cabin furniture. It sells its aluminum alloy products for use in shipbuilding consisting of hulls; decks; superstructures; and cabins of light crafts, such as catamarans, pleasure crafts, and patrol boats, as well as in crew boats and rescue boats of offshore oil and gas industry. The company also provides precision engineering products for electronic equipment, precision instruments, medical instrumentation, semiconductor equipment, automated assembly lines, pharmaceutical machinery, and robotics; and high strength items for use in aircraft industries, oil tankers, automotive parts, rail coaches, truck frames, bridges, and towers. It serves customers in approximately 15 countries, including Australia, Hong Kong, India, Indonesia, Malaysia, the Philippines, the People's Republic of China, Singapore, South Korea, Taiwan, Thailand, the United Arab Emirates, and Vietnam. The company was founded in 1983 and is based in Singapore. Soon Lian Holdings Limited is a subsidiary of Soon Tien Holdings Pte. Ltd.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5MD)

1. As noted in the Letter to Shareholders (page 6 of the annual report), the group launched a rebranding exercise to modernize and streamline the way the group presents itself to support the group's regional and international ambitions.

The subsidiaries now go by 'SL', the abbreviation of 'Soon Lian', to better reflect the group's identity. The group's vision has been refreshed to "Inspiring Partnerships, Growing Possibilities" and the group's mission is "Deliver unrivalled aluminium solutions, igniting possibilities for partners worldwide".

- (i) **Can the board confirm that, after the strategic review of the group's operations, the group's strategy is still to leverage on the group's established position of a leader in aluminium solutions and to further deepen its services and products?**
- (ii) **Can the company provide better visibility to shareholders on its regional and international ambitions?** Currently, group derives approximately a quarter of its revenue from Singapore, a fifth from other ASEAN countries, and over two fifth from East Asia?
- (iii) **Will the company be rebranded as SL Holdings Limited as well?**
- (iv) The group reported profit attributable to owners of the company of \$1.52 million in FY2017. This was boosted by the gains on disposal of 9 Tuas Avenue 2 of \$1.75 million. **What are management's specific plans to increase profitability in the group's core segments of marine, precision engineering, oil and gas and Others?**

2. In Note 21 (page 78 – Share capital), the group reported its debt-to-capital ratio of 0.73x as at 31 December 2017. With the completion of the sale of 9 Tuas Avenue 2 and the purchase of 6 Tuas Lane, the group's gearing will be further improved to 0.48x.

- (i) **Has the board reviewed the group's capital structure and determined a optimal structure to support the group's vision and mission?**

In FY2016, the company's wholly-owned subsidiary obtained unsecured short-term loans of \$5.0 million from Soon Tien Holdings Pte. Ltd., a controlling shareholder of the company. The loan was fully repaid in FY2017.

- (ii) **What changes have the board made to its capital management framework to ensure that the group's ability to continue as a going concern will not be in doubt and that the group can continue to provide returns for owners and benefits for other stakeholders?**
- (iii) **Has the board set a maximum debt-to-adjusted capital ratio for the group?**

3. The nominating committee (NC) comprises Tan Siak Hee (as chairman), Lee Sen Choon and Yap Kian Peng. The principal functions of the NC include determining annually whether or not a director is independent.

All three non-executive directors were first appointed to the board on 31 October 2007. As recommended by the 2012 Code of Corporate Governance, the independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review.

- (i) **As the NC comprises all three directors who are subject to the particularly rigorous review, can the board explain in detail how the independence of the three long tenured non-executive directors was assessed?**

The board has said that it is also committed to the progressive refreshing of its board and will review the need for such refreshing on a continual basis.

- (ii) **As all three directors were appointed on the same date, what are the board's plans to progressively refresh the board to maintain institutional knowledge and continuity on the board as all three non-executive directors were appointed on the same day?**

A copy of the questions for the Annual Report for the financial year ended 31 December 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Soon%20Lian%20Holdings%20Ltd>

The company's response could be found here: -----