SOON LIAN HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 200416295G)

RESPONSE TO QUERIES FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) IN RESPECT OF THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

The Board of Directors (the "**Board**" or "**Directors**") of Soon Lian Holdings Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the queries raised by the Securities Investors Association (Singapore) ("**SIAS**") in respect of the Company's annual report for the financial year ended 31 December 2025 ("**FY2025**"), and wishes to provide its responses to the queries from SIAS below. The Company did not receive any questions from shareholders.

SIAS Query 1

As highlighted in the letter to shareholders, the executive chairman noted that the precision engineering segment benefitted from strong demand for aluminium alloy products driven by AI-related applications, particularly in the first three quarters. The marine segment is also expected to remain supported by a healthy project pipeline.

Group revenue increased by 11.0% or $7.9 million to $79.4 million in FY2025, driven primarily by the precision engineering segment, which grew 18.8% to $51.6 million and accounted for 65.0% of total revenue. The marine segment contributed $18.1 million.

Financial Highlights

INCOME STATEMENT	FY2025 S$'000	FY2024 S$'000	FY2023 S$'000
Revenue	79,398	71,522	58,132
Gross profit	13,253	15,128	3,724
Profit/(Loss) before income tax	5,874	6,577	(4,649)
Income tax (expense)/credit	(1,093)	(786)	116
Profit/(Loss) for the year	4,781	5,791	(4,533)
Earnings/(Losses) per share (in cents)	4.43	5.36	(4.20)

(Source: company annual report)

Despite this growth, margins have declined, with management attributing this to less predictable customer lead times and increased pricing pressure.

(i) ***Excluding the impact of lower inventory obsolescence reversals, can management explain how it is defending margins in the face of pricing pressure and unpredictable customer lead times, and what sustainable competitive advantage the group retains as a stockist in this environment where customers appear to have increased bargaining power?***

Company's response

The Group acknowledges the margin compression during FY2025, which was primarily attributable to lower inventory obsolescence reversals, as well as pricing pressure and shorter customer lead times, consistent with the Group's disclosures.

These conditions are not unique to the Group but reflect broader industry dynamics in a more competitive and demand-driven environment.

Notwithstanding this, the Group has taken proactive and disciplined steps to defend its margins. As outlined in the FY2025 Annual Report, the Group continues to strengthen its position as a value-added aluminium stockist, with a focus on higher-value segments and diversified end-markets. In this regard, the Group has:

- continued to focus on higher-value and specialised aluminium products, particularly within the precision engineering segment;
- progressively diversified its customer base across industries, including aerospace and other higher-specification industries sectors, where product requirements and margins are typically more resilient;
- enhanced its value-added capabilities, including cut-to-size processing, quality assurance and supply chain solutions; and
- maintained prudent inventory and procurement strategies to manage cost volatility.

The Group's established position as an aluminium stockist, supported by a diversified sourcing network, consistent product quality, and strong customer relationships, continues to provide resilience in a more dynamic operating environment.

(ii) ***What is the impact of geopolitical developments in the Middle East, both direct and indirect, on the group's operations, particularly in relation to aluminium supply, pricing, and logistics?***

Company's response

The Group continues to closely monitor geopolitical developments, including those in the Middle East.

The Group does not have significant direct exposure to the region. However, indirect impacts may arise from increases in global aluminium pricing, energy costs, freight rates and shipping lead times.

To mitigate such risks, the Group:
- maintains a diversified supplier base across multiple regions;
- adopts an adaptable procurement strategy in response to changing market conditions; and
- manages inventory levels prudently to ensure supply continuity.

To date, there has been no material adverse impact on the Group's operations, although the situation remains dynamic and continues to be closely monitored.

(iii) ***What are the key factors that determine the level of inventory obsolescence provisions and reversals, and how should shareholders assess the adequacy of the remaining $5.2 million provision as at 31 December 2025? To what extent are these reversals driven by underlying improvements in inventory realisation versus changes in assumptions or judgement, and how consistent has this approach been over time?***

Company's response

Inventory obsolescence provisions are determined in accordance with the Group's accounting policies as disclosed in the Notes to the Financial Statements (page 94 of the FY2025 Annual Report), and are assessed by reference to both quantitative and qualitative factors, including:

- inventory ageing;
- historical sales and usage patterns;
- expected realisable values;
- specific identification of slow-moving items; and
- prevailing market conditions, including changes in demand levels, technological developments and pricing competition, which may affect the saleability and recoverability of inventory values.

Reversals are recognised when inventories are subsequently sold or when there is evidence of improved realisability.

The remaining provision of approximately $5.2 million as at 31 December 2025 reflects management's prudent and consistent assessment based on the above factors.

Management would highlight that reversals are primarily driven by actual inventory realisation, rather than changes in assumptions, and the approach has been applied consistently over time, subject to periodic review.

SIAS Query 2

While the group's borrowings have decreased from $4.8 million to $3.6 million (Note 23 Borrowings; page 108), bill payables to banks have increased from $3.7 million to $9.3 million (Note 24 Trade and other payables). At the same time, inventory increased by approximately $8.8 million to $40.2 million, while cash balances remained broadly stable (~$10 to $10.5 million).

Reconciliation of liabilities arising from financing activities

			Non-cash movements			
	1 January 2025 $'000	Financing cash flows $'000	Acquisition $'000	Interest expenses $'000	Foreign exchange movement $'000	31 December 2025 $'000
Liabilities						
Borrowings	4,811	(1,210)	–	–	–	3,601
Bills payables to banks	3,722	5,537	–	–	56	9,315
Lease liabilities	1,987	(205)	2,823	132	9	4,746

(Source: company annual report)

(i) Given the stable cash position and the lower borrowings, can management confirm whether the increase in inventory has been primarily financed through bill payables?

Company's response

The increase in inventory during FY2025 was largely supported by trade financing arrangements, including bill payables to banks, which increased correspondingly.

This reflects the Group's active working capital management approach, whereby trade financing is utilised to support higher inventory levels required to meet customer demand, while maintaining a stable cash position.

(ii) What is the group's target capital and funding structure to support its growth plans, particularly in balancing cost efficiency, liquidity, and operational flexibility?

Company's response

The Group adopts a prudent and balanced capital management approach, with key objectives of:

- maintaining adequate liquidity;
- optimising funding costs; and
- preserving financial flexibility.

The Group utilises a combination of internal cash resources, bank borrowings and trade financing facilities. Management will continue to review and optimise its funding structure in line with the Group's growth plans and prevailing market conditions.

(iii) Has management evaluated more efficient working capital solutions, such as supply chain financing, receivables financing programmes or distributed ledger-based trade finance platform (blockchain)?

Company's response

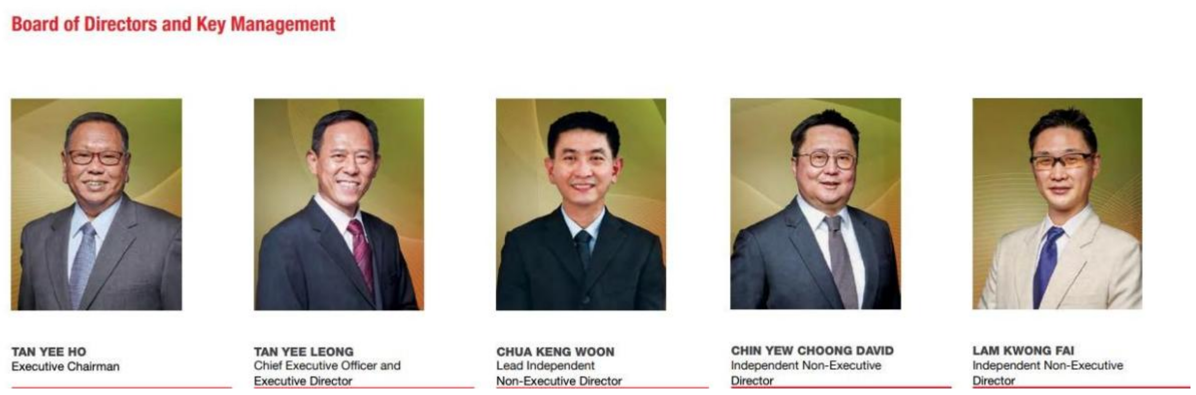
The Group continuously evaluates opportunities to enhance working capital efficiency.

While traditional trade financing remains the primary funding tool, the Group is exploring additional solutions such as receivables financing and supply chain financing, where appropriate, and is monitoring developments in digital trade finance platforms.

Adoption of such solutions will be considered based on cost-effectiveness, operational suitability and scalability.

SIAS Query 3

The board has established a board diversity policy. The directors' biographies are set out on pages 16 and 17 of the annual report.



(Adapted from company annual report)

(i) Can the board provide an update on the progress made under the board diversity policy, including whether specific targets or timelines have been set and how these are being monitored?

Company's response

The Board remains committed to diversity in terms of skills, experience, gender and perspectives. The Board currently possesses a balanced field of core competencies such as accounting and finance, legal knowledge, business and management experience and the requisite industry knowledge, which provides a complementary mix of expertise and enhances its overall effectiveness.

The Nominating Committee reviews the Board composition periodically and considers diversity factors in the evaluation of potential candidates. While no fixed quotas have been set, diversity considerations are incorporated into succession planning and future Board appointments, and are monitored on an ongoing basis.

(ii) ***Has the nominating committee reviewed the current competency matrix of the board and identified any gaps in skills or competencies that need to be addressed in future director appointments?***

Company's response

The Nominating Committee has reviewed the Board's competency matrix and is satisfied that the current Board possesses a balanced mix of relevant skills and experience, including industry knowledge, finance, governance and strategic oversight.

The Board will continue to assess any gaps and address them through future appointments or ongoing training, where appropriate.

(iii) ***Separately, following the ransomware incident disclosed in July 2024, what specific actions has the board taken to strengthen its oversight of cyber security and digital risks, and how does it ensure that these measures go beyond basic compliance or periodic training?***

In addition, how has the group institutionalised continuous education throughout the organisation in digital skills, and how are these efforts structured, measured, and linked to workforce capability and productivity improvements?

Company's response

Following the ransomware incident disclosed in July 2024, the Group has strengthened its cybersecurity framework and oversight, including:

- enhancement of IT security infrastructure and system monitoring;
- implementation of stricter access controls and safeguards;
- regular vulnerability assessments and testing; and
- increased Board-level oversight of cybersecurity and digital risks.

In addition, the Group has institutionalised staff training and awareness programmes, and incorporated cybersecurity considerations into its broader risk management framework.

The Group continues to enhance digital capabilities across the organisation through structured training initiatives aimed at improving workforce competency and supporting productivity improvements.

By Order of the Board

Tan Yee Ho
Executive Chairman
23 April 2026
