



PAN ASIAN HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 197902790N)

**UNAUDITED FULL YEAR FINANCIAL STATEMENT
AND DIVIDEND ANNOUNCEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	<u>GROUP</u>		Increase/ (Decrease) %
	Year ended 31-Dec-19 S\$'000	Year ended 31-Dec-18 S\$'000	
Revenue	23,372	25,290	(7.6)
Cost of sales	(15,445)	(19,048)	(18.9)
Gross profit	<u>7,927</u>	<u>6,242</u>	27.0
Interest income	5	9	(44.4)
Other gains	263	471	(44.2)
Marketing and distribution costs	(2,916)	(3,180)	(8.3)
Administrative expenses	(4,191)	(4,257)	(1.6)
Finance costs	(235)	(153)	53.6
Other losses	(335)	(285)	17.5
Share of profit from equity-accounted associate	115	18	NM
Share of profit from equity-accounted joint ventures	22	58	(62.1)
Profit / (loss) before tax	<u>655</u>	<u>(1,077)</u>	NM
Income tax expenses	(219)	(150)	46.0
Profit / (loss) net of tax	<u>436</u>	<u>(1,227)</u>	NM
<u>Other comprehensive income / (loss)</u>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- (Loss) / gain	(198)	55	NM
- Reclassification to profit or loss arising from disposal of subsidiary	-	11	NM
Other comprehensive (loss) / income for the year, net of tax	(198)	66	NM
Total comprehensive income / (loss)	<u>238</u>	<u>(1,161)</u>	NM
Profit / (loss) attributable to owners of the parent, net of tax	408	(1,221)	NM
Profit / (loss) attributable to non-controlling interests, net of tax	28	(6)	NM
Profit / (loss) net of tax	<u>436</u>	<u>(1,227)</u>	NM
Total comprehensive income / (loss) attributable to owners of the parent	210	(1,155)	NM
Total comprehensive income / (loss) attributable to non-controlling interests	28	(6)	NM
Total comprehensive income / (loss)	<u>238</u>	<u>(1,161)</u>	NM

NM - Not Meaningful

	GROUP		Increase/ (Decrease) %
	Year ended 31-Dec-19 S\$'000	Year ended 31-Dec-18 S\$'000	
Revenue			
Sale of goods	21,787	24,977	(12.8)
Contract revenue	802	-	NM
Commission income	783	313	NM
	23,372	25,290	(7.6)
Interest income	5	9	(44.4)
Depreciation expense			
Cost of sales	(114)	(140)	(18.6)
Marketing and distribution costs	(53)	(54)	(1.9)
Administrative expenses	(670)	(514)	30.4
	(837)	(708)	18.2
Other gains			
Gains on disposal of subsidiary, net	-	1	NM
Gains on disposal of joint venture, net	-	69	NM
Gain on disposal of property, plant and equipment, net	30	-	NM
Foreign exchange adjustment gain	9	-	NM
Government grant	28	48	(41.7)
Inventories write down reversal	18	6	NM
Recharge of payroll cost to joint venture	-	240	NM
Write back of bad debts written off, net	35	19	84.2
Write back of impairment loss on trade receivables	-	6	NM
Sundry income	143	82	74.4
	263	471	(44.2)
Finance costs			
Interest expense	(235)	(153)	53.6
Other losses			
Amortisation of land use rights	(57)	(59)	(3.4)
Bad debts written off trade receivables	-	(18)	NM
Foreign exchange adjustment losses	-	(91)	NM
Loss on disposal of plant and equipment	-	(7)	NM
Loss on disposal of investment in associate	(29)	-	NM
Loss on disposal of investment in subsidiary	(44)	-	NM
Inventories written off	(195)	(11)	NM
Net allowance for impairment on trade receivables	(5)	(99)	(94.9)
Sundry expense	(5)	-	NM
	(335)	(285)	17.5
NM - Not Meaningful			

1(b) (i) A statement of financial position (for the issuer and Group) together with a comparative statement as at the end of the immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	<u>31-Dec-19</u>	<u>31-Dec-18</u>	<u>31-Dec-19</u>	<u>31-Dec-18</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<u>ASSETS</u>				
<u>Non-current assets</u>				
Property, plant and equipment	9,315	8,945	2,767	2,989
Investments in subsidiaries	-	-	2,916	3,467
Investments in associate	199	647	-	-
Investments in joint ventures	163	101	-	-
Land use rights	-	1,184	-	-
Other assets, non-current	26	18	18	18
Total non-current assets	9,703	10,895	5,701	6,474
<u>Current assets</u>				
Asset held for sale under SFRS(I) 5	2,591	1,152	2,909	1,038
Inventories	1,791	2,532	92	110
Trade and other receivables	6,682	9,973	6,613	7,373
Contract assets	933	-	-	-
Other assets, current	899	1,106	365	84
Income tax recoverable	-	208	-	-
Right-of-use asset	96	-	-	-
Cash and cash equivalents	5,563	2,837	1,412	562
Total current assets	18,555	17,808	11,391	9,167
Total assets	28,258	28,703	17,092	15,641
<u>EQUITY AND LIABILITIES</u>				
<u>Equity attributable to owner of the parent</u>				
Share capital	15,300	15,300	15,300	15,300
Other reserves	(233)	(79)	-	-
Retained earnings / accumulated losses	377	366	(2,012)	(2,127)
Equity, attributable to owners of the parent	15,444	15,587	13,288	13,173
Non-controlling interests	-	(6)	-	-
Total equity	15,444	15,581	13,288	13,173
<u>Non-current liabilities</u>				
Deferred tax liabilities	-	53	-	33
Other financial liabilities, non-current	3,775	2,761	-	-
Total non-current liabilities	3,775	2,814	-	33
<u>Current liabilities</u>				
Liabilities associated with asset held for sale	590	-	-	-
Income tax payable	73	-	-	-
Other financial liabilities, current	565	1,026	-	33
Lease liability	96	-	-	-
Contract liabilities	362	-	-	-
Trade and other payables, current	7,353	9,282	3,804	2,402
Total current liabilities	9,039	10,308	3,804	2,435
Total liabilities	12,814	13,122	3,804	2,468
Total equity and liabilities	28,258	28,703	17,092	15,641

1(b)(ii) Aggregate amount of Group's borrowings and debt securities

(A) the amount repayable in one year or less, or on demand;

As at 31-Dec-2019		As at 31-Dec-18	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
565	-	1,026	-

(B) the amount repayable after one year;

As at 31-Dec-2019		As at 31-Dec-18	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
3,775	-	2,761	-

(C) whether the amounts are secured or unsecured

The Group's bank borrowing, debt securities and finance lease of S\$4,340,000 as at 31 December 2019 (31 December 2018: S\$3,787,000) were secured / covered by

- a. A negative pledge over the assets of the Company;
- b. Corporate guarantees from the Company;
- c. leased assets; and

(D) details of any collaterals

The obligations under finance lease of S\$122,000 as at 31 December 2019 (31 December 2018: S\$186,000) are secured by a charge over the leased assets and a personal guarantee from a director of the Company.

1(c) A statement of cash flows (for the Group) together with the comparative statement for the corresponding period of the immediately preceding financial year.

	<u>Group</u>	
	Year ended 31-Dec-19 <u>S\$'000</u>	Year ended 31-Dec-18 <u>S\$'000</u>
Cash flows from operating activities		
Profit / (loss) before tax	655	(1,077)
Adjustments for:		
Amortisation of land use rights	57	59
Depreciation of property, plant and equipment	754	708
Depreciation of lease	83	-
Interest income	(5)	(9)
Interest expense	235	153
Loss / (gain) on disposal of associate, net	29	-
Loss / (gain) on disposal of subsidiaries, net	44	(1)
Gain on disposal of joint venture, net	-	(69)
(Gain) / loss on disposal of plant and equipment, net	(30)	7
Share of profit from equity-accounted associate	(115)	(18)
Share of profit from equity-accounted joint ventures	(22)	(58)
Operating cash flow before changes in working capital	1,685	(305)
Trade and other receivables	3,292	(2,656)
Contract assets	(933)	-
Other assets	21	(412)
Inventories	741	408
Trade and other payables	(1,323)	4,313
Contract liabilities	362	-
Net cash flows from operations	3,845	1,348
Income taxes refunded / (paid)	28	(347)
Net cash flows from operating activities	3,873	1,001
Cash flows from investing activities		
Acquisition of associate	-	(40)
Disposal of subsidiaries (net of cash disposed)	-	(3)
Increase of investment in joint venture	(40)	-
Interest received	5	9
Proceeds from disposal of plant and equipment	135	9
Purchase of property, plant and equipment	(398)	(2,853)
Net cash flows used in investing activities	(298)	(2,878)
Cash flows from financing activities		
Finance lease repayment	(96)	(105)
Increase in borrowings	486	1,730
Interest paid	(230)	(153)
Repayment of bank borrowings	(1,001)	(322)
Payment of lease liability	(87)	-
Net cash flows (used in) / from financing activities	(928)	1,150
Net increase / (decrease) in cash and cash equivalents	2,647	(727)
Effect of exchange rate changes on cash and cash equivalent	91	(289)
Cash and cash equivalents, statement of cash flows, beginning balance	2,837	3,853
Cash and cash equivalents, statement of cash flows, ending balance	5,575	2,837
Represented by:		
Cash and cash equivalents (Note A)	5,575	2,837
Bank overdraft	-	-
Cash and cash equivalents, statement of cash flows, ending balance	5,575	2,837

Note A: Included in the cash and cash equivalent is \$12,000 which has been reclassified to assets held for sale.

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share Capital S\$'000	Other Reserves S\$'000	Retained Earnings / (Accumulated losses) S\$'000	Attributable to Parent sub-total S\$'000	Non- Controlling Interests S\$'000	Total Equity S\$'000
GROUP:						
Current period:						
Balance as at 1 January 2019	15,300	(79)	366	15,587	(6)	15,581
Movements in equity:						
Total comprehensive (loss) / income for the year	-	(198)	408	210	28	238
Transfer to Statutory reserve	-	44	(11)	33	-	33
Dividends paid	-	-	(386)	(386)	-	(386)
Disposal of subsidiary with a change in a control	-	-	-	-	(22)	(22)
Balance as at 31 December 2019	15,300	(233)	377	15,444	-	15,444
Previous year:						
Balance as at 1 January 2018	15,300	(134)	1,573	16,739	(7)	16,732
Movements in equity:						
Total comprehensive (loss) / income for the year	-	66	(1,221)	(1,155)	(6)	(1,161)
Disposal of subsidiaries with a change in control	-	(11)	14	3	7	10
Balance as at 31 December 2018	15,300	(79)	366	15,587	(6)	15,581
COMPANY:						
Current period:						
Balance as at 1 January 2019	15,300	-	(2,127)	13,173	-	13,173
Movements in equity:						
Total comprehensive Income for the year	-	-	501	501	-	501
Dividends paid	-	-	(386)	(386)	-	(386)
Balance as at 31 December 2019	15,300	-	(2,012)	13,288	-	13,288
Previous year:						
Balance as at 1 January 2018	15,300	-	732	16,032	-	16,032
Movements in equity:						
Total comprehensive loss for the year	-	-	(2,859)	(2,859)	-	(2,859)
Balance as at 31 December 2018	15,300	-	(2,127)	13,173	-	13,173

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There is no change in the Company's share capital from 30 June 2019 to 31 December 2019. The Company's share capital as at 30 June 2019 to 31 December 2019 remained at S\$15,300,000 and comprised 214,202,036 shares.

There were no convertible securities, treasury shares or subsidiary holdings outstanding as 31 December 2018 and 31 December 2019.

1(d)(iii) Total number of issued share excluding treasury share as at the end of current financial period and as at the end of the immediately preceding year.

	31.12.2019	31.12.2018
Total number of issued shares (excluding treasury shares)	214,202,036	214,202,036

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury share as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not hold any subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable. The Group's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable. The Group's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial year as compared to the audited financial statements for the financial year ended 31 December 2019.

5. If there were any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2019. The application of the new and revised standards and interpretations has no material effect on the financial statements, except for the adoption of SFRS(I) 16 – Leases.

The Group has adopted the new Singapore SFRS(I) 16 Leases, which took effect on 1 January 2019. The standard requires a lessee to recognise the rights to use leased assets as Right-Of-Use ("ROU") asset and a lease liability representing its obligation to make lease payments.

The Group applied the standard using the modified retrospective approach. Therefore, the full year and comparative figures announced in FY2018 have not been restated. At the date of initial application, the Group has applied the practical expedient to recognise the amount of ROU assets equal to the lease liabilities as at 1 January 2019. Subsequent to the initial recognition, the Group depreciates the ROU assets over its lease term and recognize interest expenses on the lease liabilities.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings / (Loss) per ordinary share attributable to the shareholders of the Company	Group	
	31-Dec-19	31-Dec-18
(i) Based on weighted average number of ordinary share in issue	0.19 Singapore cents	(0.57 Singapore cents)
(ii) On a fully diluted basis	0.19 Singapore cents	(0.57 Singapore cents)

Basic and diluted earnings per share were the same as there were no potentially dilutive securities in issue as at 31 December 2019 and 31 December 2018.

7. **Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**
(a) current period reported on; and
(b) immediately preceding financial year

	Group		Company	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	SGD		SGD	
Net Asset value per ordinary share based on issued share capital	7.21 Singapore cents	7.27 Singapore cents	6.20 Singapore cents	6.15 Singapore cents

Net asset value per ordinary share is calculated based on 214,202,036 (31 December 2018: 214,202,036) ordinary shares at the end of the reporting period.

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current period reported on.

Review of operating results between FY2019 and FY2018

Revenue

The Group's revenue decreased by S\$1.9 million for the financial year ended 31 December 2019 ("FY2019"). This was mainly due to lower revenue contribution from entities in China and Hong Kong of S\$5.1million. The entities in China and Hong Kong are experiencing a change in business cycle after enjoying higher turnover in the prior years, where there were more projects awarded to the entities in China and Hong Kong in prior years as compared to FY2019.

Singapore entities recorded an improved performance in FY2019 of \$4.2million compared to FY2018. This was due to the effort and drive from management to monitor and ensure deliveries are on time and improved efficiencies and processes to fulfill purchase orders from customers in FY2019.

The Group recorded an increase in gross profit of S\$1.69 million in FY2019. Gross profit margin for FY2019 is 33.9%, an increase from FY2018 of 24.7%. Management's experience and detail involvement in the costing process which includes cost-saving measures drove the gross profit margin up. Other contributing factors includes the Group securing orders and projects with a higher gross profit margin compared to FY2018.

Profit after tax

For FY2019, the Group recorded a net profit after tax ("NPAT") of \$436,000 compared to a loss after tax of \$1,227,000 in FY2018. The NPAT was mainly due to the:

- Improved gross profit margin across all units in the Group;
- Decrease in marketing and distribution costs and administrative expenses through cost cutting measures;
- Contract revenue recognition from project accounting for a project that commenced in mid-2019. There was no recognition of contract revenues from projects in FY2018 due to lower levels of completion. Contract revenue is recognized based on the percentage of completion method; and

- d) Increase in share of profit from equity-accounted associate company and commission income. The increase in commission income is due mainly to increased commission from increased customer sales.

The above have been offset by:

- a) Increase in inventories written-off for slow moving and obsolete inventories as the Group underwent an exercise in FY2019 to identify inventory that are slow moving and obsolete to be written off. Inventories which cannot be sold had been identified and scrapped during FY2019;
- b) Increase in finance cost on bank borrowings relating to the term loan for Tuas warehouse and increase in interest rates for its existing property loans;
- c) Increase in tax expenses on higher profits recorded during the year; and
- d) One-off recognition of loss on disposal of investment in associate and subsidiary during the year.

Financial Position

The Group maintained a healthy balance sheet, with total net assets of S\$15.4million (FY2018: S\$15.5million).

Increase in property, plant and equipment arose from the completion of the Tuas warehouse in March 2019 and purchase of machineries for operational purposes.

The decrease in investments in associate is due to the disposal of DWK Tianjin in FY2019.

Inventory balances decreased mainly due to write-off of slow moving and obsolete inventories and additional provisions for impairment based on the Group's provisioning policies. Other contributing factors for the decrease in inventory balances are due to sales from existing inventory balances and management's enforcement of stringent controls over inventory purchases.

The decrease in trade and other receivables were due to 3 invoices with a total balance of S\$2.5million issued in December 2018 were subsequently collected in 2019. In FY2019, management increased its collection effort from its receivables, thus there was a lower balance as at year end.

The decrease in other assets was due to a higher prepaid expense recorded in FY2018 which was amortised over a period of 12 months in FY2019.

The increase in Assets held for sale and liabilities associated with assets held for sale is due to a reclassification of assets and liabilities of a subsidiary, Pan Asian Manufacturing (Tianjin) Co. Ltd's ("PAM"). The net assets of PAM consists mainly of the land use rights of S\$1.095 million and Plant and equipment of S\$317,000. The proposed disposal of the subsidiary was approved by the shareholders during an EGM held on the 18 December 2019, as such the assets and liabilities of the subsidiary has been reclassified accordingly.

The Group's increase in non-current other financial liabilities is due to the loan drawn down for the completion of the Tuas Warehouse and finance lease for fixed assets purchases.

The decrease in trade and other payables was also due to management's increase in efforts to manage cash flows of the Group to avoid any finance cost or late fees for overdue payables. The contract liabilities relates to advance consideration received from customers for projects. There were no advance considerations received from customers for projects in FY2018.

Cash Flow

As at 31 December 2019, the Group has cash balances of approximately S\$5.5million.

The Group's cash flow position has improved mainly due to an increase in cash flow generated from operating activities of S\$3.9 million. This was achieved through improved cash flow

management by management by increasing its effort in receivable collection from units in Singapore and Hong Kong.

The net cash inflow was partially offset by cash outflow from investing and financing activities of \$1.2million. The cash outflow from investing activities was due mainly to purchase of property, plant and equipment while increase in cash used in financing activities as due to the repayment of bank borrowings and the associated financing cost for its term loans from units in Singapore.

9. Where a forecast, or a prospect statement, has been previously disclosed to our shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statements had been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

The Group's order book as at 31 December 2019 is \$36 million to be realised over 3 years.

The Group expects the COVID19 virus to impact us especially on the performance in the first six-months of FY2020 as there are expected delays from our China suppliers for the current order book due. The China suppliers are not able to start production as the Government of the People's Republic of China has imposed quarantine orders on cities affected by the COVID19. We are in close discussion with affected suppliers and customers to mitigate the situation by working with customers to re-schedule the delivery time and working with suppliers in China to work out solution to send those completed orders as well as to reduce the delay of outstanding orders. We have received confirmation from our China suppliers that they will resume work by mid-March to mid-April 2020. The travel restriction imposed due to COVID19 will also hinder our sales and marketing activities in China and the region, which may result in lower sales for our regional business due to slowdown in business activities in the region.

The Group will continue to leverage on its our engineering division in Singapore to generate sales on the current mega projects in Singapore like the TUAS Water Reclamation Plant (Part of DTSS 2) (project period from 2019 to 2025), Changi Airport Terminal 5 Development, and Tuas Mega Port Development which are currently being implemented.

The Group shall continue to monitor the COVID19 virus impact on our business environment and react accordingly, including to reduce operating expenses when necessary but not affecting the Group's focus on the growth of business in the region.

Therefore, the Group expects the next 6 -12 months to be challenging.

11. If a decision regarding dividend has been made, the required information has been disclosed.

(a) Whether an interim (final) ordinary dividend has been declared (recommended);

In view of the Group's performance in FY2019, the Board of Directors have recommended and declared a first and final dividend (one-tier tax exempt) of \$0.0018 Singapore cents per ordinary share has been declared for FY2019 ("**Proposed Dividend**").

(b) (i) Amount per share

<u>Name of Dividend</u>	<u>Final</u>
Dividend type	Cash
Dividend Rate	S\$ 0.0018
Tax Rate	Tax exempt (1-tier)

(ii) Previous corresponding period

No dividend had been declared in FY2018.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).

The Proposed Dividend is one-tier tax exempt.

(d) The date the dividend is payable

Subject to shareholders' approval at the upcoming annual general meeting, the Proposed Dividend will be paid on 18 May 2020 to shareholders whose names shall appear on the register of members of the Company on 8 May 2020.

(e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Notice is hereby given that the Share Transfer Books and Register of Members will be closed on 8 May 2020 for the purpose of determining members' entitlements to the Proposed Dividend. Duly completed registerable transfers in respect of the shares in the Company received by the Company's Share registrar, B.A.C.S Private limited, 8 Robinson Road, #03-00 ASO Building, Singapore 048544, by the close of business at 5:00 pm, on 8 May 2020 will be registered to determine the members' entitlements to such dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares as at 5:00 pm on 8 May 2020 will be entitled to such dividend.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable. Dividend has been declared for FY2019 as set out in Paragraph 11(a) above.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not obtain a general mandate from shareholders for Interested Party Transactions.

Save as disclosed below, there were no other interested person transactions entered into during the financial year ended 31 December 2019.

Name of Interested Persons and Details of Transactions	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
		S\$'000	S\$'000
Payments made by the Group to:-			
(A) Duvalco Wuxi ("DVW")			
* Rental of manufacturing equipment by Duvalco Valves & Fittings (Wuxi) Co. Ltd. ("DVF") from DVW between Jan'19 to December'19	A	160.0	-
* Rental of manufacturing premises by DVF from DVW between Jan'19 to December'19	A	240.0	-
Cost reimbursement for employment of DVW staffs by DVF between Jan'19 to December'19 in relation to the Set Up as disclosed in the announcement dated 12 April'18.	A	108.5	-
Total		508.5	-

* Rental agreements between Duvalco Wuxi and DVF on equipment and premises had lapsed on 31 March 2019. [As mutually agreed between Duvalco Wuxi and DVF, rental from 1 April 2019 to 31 December 2019 are being paid on monthly basis at the same rates as the lapsed rental agreement, until DVF ceases operations as a result of DVW's relocation.]

A. Duvalco Wuxi is a company wholly-owned by Richard Koh Chye Heng, the Executive Chairman of the Company.

Save for the above, there was no other interested party transaction that is S\$100,000 and above during the financial year in review.

The Company does not have an existing general mandate pursuant to Rule 920 of the Catalyst Listing Manual.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUCEMENT

14. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

<u>Business Segments</u>	<u>General Trading</u>		<u>Engineering Solutions</u>		<u>Valves</u>		<u>Others</u>		<u>Unallocated</u>		<u>Consolidated</u>	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Revenue by segment												
External sales	10,146	14,066	7,913	5,368	3,459	5,327	1,854	529	-	-	23,372	25,290
Result :-												
Segment result	4,413	3,164	2,808	833	691	1,737	15	508	-	-	7,927	6,242
Interest income									5	9	5	9
Finance costs									(235)	(153)	(235)	(153)
Amortisation of land use rights							(57)	(59)	-	-	(57)	(59)
Depreciation of property, plant and equipment									(837)	(708)	(837)	(708)
Employee benefits expenses									(4,142)	(4,201)	(4,142)	(4,201)
Unallocated corporate expense									(2,071)	(2,469)	(2,071)	(2,469)
Other (loss) / gains									(72)	186	(72)	186
Share of profit from equity-accounted associate									115	18	115	18
Share of profit from equity-accounted joint ventures									22	58	22	58
Profit / (loss) before income tax											655	(1,077)
Income tax expenses											(219)	(150)
Net profit / (loss) after tax											436	(1,227)

<u>Business Segments</u>	<u>General Trading</u>		<u>Engineering Solutions</u>		<u>Valves</u>		<u>Others</u>		<u>Unallocated</u>		<u>Consolidated</u>	
	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000	2019 S\$'000	2018 S\$'000
Other information												
Trade and other receivables	2,866	5,360	973	1,946	599	1,589	2,244	1,078	-	-	6,682	9,973
Contract Assets	131	-	802	-	-	-	-	-	-	-	933	-
Property, plant and equipment									9,315	8,945	9,315	8,945
Cash and cash equivalents									5,563	2,837	5,563	2,837
Asset held for sale under FRS 105									2,591	1,152	2,591	1,152
Others									3,174	5,796	3,174	5,796
Total assets											28,258	28,703
Segment liabilities												
Trade and other payables									7,353	9,282	7,353	9,282
Other financial liabilities									4,340	3,787	4,340	3,787
Liabilities associated with assets held for sale under SFRS(I) 5									590	-	590	-
Others									531	53	531	53
Total liabilities											12,814	13,122
Capital expenditure									520	2,853	520	2,853

Geographical segments

The following table provides an analysis of the Group revenue and non-current assets by geographical market which is analysed based on the country of domicile of the customers:-

	Revenue		Non-current assets	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Singapore	12,975	8,781	9,508	9,082
China	2,876	3,235	100	1,613
Europe	1,628	2,508	-	79
Hong Kong	5,893	10,602	95	120
Indonesia	-	-	-	1
Japan	-	164	-	-
Subtotal for all foreign countries	10,397	16,509	195	1,813
Total	23,372	25,290	9,703	10,895

15. In the review of performance, the factors leading to any material change in contributions to turnover and earnings by the business or geographical segments.

In addition to the elaboration in section 8, the Group recorded a significant decrease in revenue from its business segment in Hong Kong. The main contributing factor that leads to the decrease is that Hong Kong is currently experiencing a down turn in its current business cycle in FY2019. The entity in Hong Kong relied on infrastructure projects awarded from the Government and there were fewer of such projects undertaken and awarded by the Hong Kong Government in FY2019 and as such, the entity in Hong Kong was awarded fewer purchase orders from its customers and thus a lower revenue was achieved in FY2019.

16. A breakdown of sales

Group	2019 S\$'000	2018 S\$'000	Increase/(Decrease)
Sales reported for first half year	12,565	9,939	26%
Operating profit (loss) after tax before deducting minority interests reported for first half year	424	(943)	145%
Sales reported for second half year	10,771	15,351	(30%)
Operating profit (loss) after tax before deducting minority interests reported for second half year	4	(284)	(101%)

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Group	
	2019 S\$	2018 S\$
Ordinary	385,564	-
Preference	-	-
Total	385,564	-

19. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) in the format as shown. If there is no such person, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Kelly Koh Mee Lin	49	(1) Daughter of Richard Koh Chye Heng, Executive Chairman of PAHL. (2) Sister of Koh Eddie, Managing Director cum Chief Executive Officer of PAHL.	Managing Director of Pan Asian Flow Technology Pte Ltd, a wholly-owned subsidiary of the Company, with effect from 1 April 2019. Responsible for sales and marketing of piping, valves, tanks and other associated products.	None

Save as disclosed above, there are no other persons who occupy a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or the chief executive officer or substantial shareholder of the Company.

20. Disclosures on Acquisition and Realisation of Shares pursuant to Catalist Rule 706A

S/N	Subsidiary/Associate	Details of Transaction	Date of Announcement
1.	W.D. Moore (2013) Pty Ltd - Subsidiary	Winding up of subsidiary	22 January 2020
2.	Pan Asian Manufacturing (Tianjin) Co. Ltd - Subsidiary	Disposal of subsidiary	11 November 2019
3.	PA Tech (Asia) Pte. Ltd. - Subsidiary	Disposal of subsidiary	29 August 2019
4.	DWK Valves (Tianjin) Co. Limited - Associate	Disposal of interest in associate	1 July 2019
5.	Franklin Hodge Pte. Ltd. – Joint Venture	Strike Off	26 April 2019
6.	S-TWO (Asia) Pte. Ltd. – Joint Venture	Strike Off	27 March 2019
7.	PA PTE (Thailand) Company Limited	Strike Off	27 March 2019

BY ORDER OF THE BOARD

Richard Koh Chye Heng

Executive Chairman

28 February 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

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

The contact person for the Sponsor is Ms Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).