

PAN ASIAN HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. : 197902790N)

MANUFACTURING UNIT IN WUXI, CHINA

The Board of Directors (the “**Board**”) of Pan Asian Holdings Limited (the “**Company**”) and together with its subsidiaries, collectively the “**Group**”) wishes to announce that its wholly owned subsidiary, Duvalco Valves & Fitting (Wuxi) Ltd (“**DVFW**”), had on 1 April 2018 set up its manufacturing operations unit for valves products in Wuxi, China (the “**Set Up**”).

The Set Up will enable the Group to grow its manufacturing business and expand sales internationally, capture the profit from manufacturing, enhance efficiency by controlling production in accordance to customers’ specific requirements, and to ensure smooth operation of valves business in the event the existing supplier, Duvalco (Wuxi) Ltd (“**Duvalco Wuxi**”), decides to discontinue operations upon relocation.

Duvalco Wuxi is wholly owned by Mr Richard Koh; the Group's Executive Chairman and controlling shareholder of the Company. Duvalco Wuxi has been notified by the Wuxi’s provincial authority to prepare for premises relocation.

In order to minimise capital commitment, DVFW has entered into agreements with Duvalco Wuxi to rent all relevant machineries, equipment (the “**Facilities**”) and factory premises. The rental amount of the Facilities was derived from an independent valuation report dated 15 January 2018.

As at date of the announcement, DVFW’s parent company, Duvalco Valves & Fittings Pte Ltd, has an ongoing rental agreement with Duvalco Wuxi that was entered into on 1 January 2014 for a duration of one year renewed annually subject to the prevailing market conditions supported by an independent valuation.

The Audit Committee is of the view that the Set Up had been carried out on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.

The following table sets out the total value of all the interested person transactions with Mr Richard Koh and his associates for the financial year ending 31 December 2018 as at the date of this announcement, including the subject of this announcement:

| Name of interested person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000 | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) S\$'000 |
|---|---|---|
| Rental of machineries and equipment from Duvalco Wuxi | 120 | - |
| Product purchases from Duvalco Wuxi from Jan'18 to March'18 | 204 | - |
| Total | 324 | - |

Further, DVFW would also be employing the relevant employees of Duvalco Wuxi via a tripartite agreement between DVFW, individual employees and Duvalco Wuxi. Pursuant to the tripartite agreement, the employer's obligations of the said employees employed shall fall under DVFW's responsibility and therefore is deemed employed by DVFW.

The Set Up is not expected to have any material impact on the net tangible assets and earnings per share of the Group for the current financial year ending 31 December 2018.

BY ORDER OF THE BOARD

Low Mei Wan
Company Secretary
12 April 2018

*This announcement has been prepared by the Company and reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

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

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