



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

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR SIX MONTHS PERIOD ENDED 30 JUNE 2021**

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021

	Half-year ended 30-Jun-21 S\$'000	Half-year ended 30-Jun-20 S\$'000	Increase/ (Decrease) %
Revenue	6,358	7,698	(17.4)
Cost of sales	(4,557)	(5,700)	(20.1)
Gross profit	1,801	1,998	(9.9)
Interest income	23	12	91.7
Other gains	358	1,257	(71.5)
Marketing and distribution costs	(872)	(1,088)	(19.9)
Administrative expenses	(2,442)	(2,523)	(3.2)
Finance costs	(88)	(93)	(5.4)
Other losses	(166)	(924)	(82.0)
Share of (loss) / profit from equity-accounted associate	(3)	16	NM
Share of loss from equity-accounted joint ventures	(17)	(104)	(83.7)
Loss before tax	(1,406)	(1,449)	NM
Income tax expenses	(43)	(40)	7.5
Loss after tax	(1,449)	(1,489)	NM
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gains	75	42	NM
- Reclassification to profit or loss arising from disposal of subsidiary	-	24	NM
Other comprehensive income for the year, net of tax	75	66	NM
Total comprehensive loss	(1,374)	(1,423)	NM
Loss attributable to owners of the parent, net of tax	(1,449)	(1,489)	NM
Loss attributable to non-controlling interests, net of tax	-	-	NM
Loss before tax	(1,449)	(1,489)	NM
Total comprehensive loss attributable to owners of the parent	(1,374)	(1,423)	NM
Total comprehensive loss attributable to non-controlling interests	-	-	NM
Total comprehensive loss	(1,374)	(1,423)	NM
Earning per share			
Basic and diluted - Singapore cents	(0.68)	(0.70)	

NM - Not Meaningful

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	<u>Note</u>	<u>Group</u> <u>30-Jun-21</u> <u>S\$'000</u>	<u>Group</u> <u>31-Dec-20</u> <u>S\$'000</u>	<u>Company</u> <u>30-Jun-21</u> <u>S\$'000</u>	<u>Company</u> <u>31-Dec-20</u> <u>S\$'000</u>
<u>ASSETS</u>					
<u>Non-current assets</u>					
Property, plant and equipment	7	10,162	10,980	3,926	4,004
Right-of-use assets, non-current		653	739	-	-
Investments in subsidiaries		-	-	3,236	3,236
Investments in associate		187	190	-	-
Investments in joint ventures		58	58	-	-
Other assets, non-current		349	151	241	18
Total non-current assets		11,409	12,118	7,403	7,258
<u>Current assets</u>					
Assets held for sale		154	395	330	653
Inventories		922	1,155	241	261
Trade and other receivables, current	8	6,347	7,945	5,248	6,092
Contract assets, current		1,016	965	-	-
Other assets, current		1,870	1,197	68	21
Cash and cash equivalents		4,026	5,225	649	656
Total current assets		14,335	16,882	6,536	7,683
Total assets		25,744	29,000	13,939	14,941
<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		(95)	(170)	-	-
(Accumulated losses) / Retained earnings		(1,321)	128	(3,044)	(2,140)
Equity, attributable to owners of the parent		13,884	15,258	12,256	13,160
<u>Non-current liabilities</u>					
Other financial liabilities, non-current		3,405	3,887	-	-
Lease liabilities, non-current		511	670	91	108
Total non-current liabilities		3,916	4,557	91	108
<u>Current liabilities</u>					
Liabilities associated with assets held for sale		18	326	-	-
Lease liabilities, current		369	361	34	33
Income tax payable		312	257	-	-
Other financial liabilities, current		965	957	-	-
Contract liabilities, current		410	751	-	-
Trade and other payables, current	9	5,870	6,533	1,558	1,640
Total current liabilities		7,944	9,185	1,592	1,673
Total liabilities		11,860	13,742	1,683	1,781
Total equity and liabilities		25,744	29,000	13,939	14,941
Net Asset value per ordinary share based on issued share capital		6.48 Singapore Cents	7.12 Singapore Cents	5.72 Singapore Cents	6.14 Singapore Cents

**CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

	Group Half-year ended 30-Jun-21 <u>S\$'000</u>	Group Half-year ended 30-Jun-20 <u>S\$'000</u>
Cash flows from operating activities		
Loss before tax	(1,406)	(1,449)
Adjustments for:		
Allowance for impairment on plant and equipment	63	-
Amortisation of land use rights	-	14
Depreciation of property, plant and equipment	347	361
Depreciation of right-of-use assets	182	42
Interest income	(23)	(12)
Interest expense	88	93
Gain on disposal of subsidiaries, net	-	(730)
Gain on disposal of plant and equipment, net	(23)	(250)
Share of loss / (profit) from equity-accounted associate	3	(16)
Share of loss from equity-accounted joint ventures	17	104
Operating cash flow before changes in working capital	<u>(752)</u>	<u>(1,843)</u>
Trade and other receivables	2,308	(795)
Contract assets	(51)	(24)
Other assets	(871)	(681)
Inventories	233	333
Trade and other payables	(973)	1,163
Contract liabilities	<u>(341)</u>	<u>1,782</u>
Net cash flows used in operations	<u>(447)</u>	<u>(65)</u>
Income taxes refunded / (paid)	<u>12</u>	<u>(34)</u>
Net cash flows used in operating activities	<u>(435)</u>	<u>(99)</u>
Cash flows used from investing activities		
Disposal of subsidiaries (net of cash disposed)	-	2,477
Interest received	23	12
Proceeds from disposal of plant and equipment	72	90
Purchase of property, plant and equipment	<u>(112)</u>	<u>(126)</u>
Net cash flows (used in) from investing activities	<u>(17)</u>	<u>2,453</u>
Cash flows from financing activities		
Finance lease repayment	(71)	(31)
Dividends paid on ordinary shares	-	(386)
Interest paid	(88)	(92)
Repayment of bank borrowings	(474)	(316)
Lease liability - principal portion paid	<u>(175)</u>	<u>(43)</u>
Net cash flows used in financing activities	<u>(808)</u>	<u>(868)</u>
Net (decrease) / increase in cash and cash equivalents	(1,260)	1,486
Effect of exchange rate changes on cash and cash equivalent	61	58
Cash and cash equivalents, statement of cash flows, beginning balance	<u>5,225</u>	<u>5,563</u>
Cash and cash equivalents, statement of cash flows, ending balance	<u>4,026</u>	<u>7,107</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2021**

	Share Capital S\$'000	Other Reserves S\$'000	Retained Earnings / (Accumulated losses) S\$'000	Total equity S\$'000
GROUP:				
Current period:				
Balance as at 1 January 2021	15,300	(170)	128	15,258
Movements in equity:				
Total comprehensive (loss) / income for the year	-	75	(1,449)	(1,374)
Balance as at 30 June 2021	15,300	(95)	(1,321)	13,884
Previous year:				
Balance as at 1 January 2020	15,300	(233)	763	15,830
Movements in equity:				
Total comprehensive (loss) / income for the year	-	66	(1,489)	(1,423)
Dividends paid	-	-	(386)	(386)
Disposal of subsidiary with a change in a control	-	(24)	24	-
Balance as at 30 June 2020	15,300	(191)	(1,088)	14,021
COMPANY:				
Current period:				
Balance as at 1 January 2021	15,300	-	(2,140)	13,160
Movements in equity:				
Total comprehensive loss for the year	-	-	(904)	(904)
Balance as at 30 June 2021	15,300	-	(3,044)	12,256
Previous year:				
Balance as at 1 January 2020	15,300	-	(1,626)	13,674
Movements in equity:				
Total comprehensive income for the year	-	-	188	188
Dividends paid	-	-	(386)	(386)
Balance as at 30 June 2020	15,300	-	(1,824)	13,476

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. General

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the Company (referred to as “parent”), its subsidiaries and the Group’s interest in associates and joint ventures (the “Group”).

All financial information has been rounded to the nearest thousand (S\$’000), except when otherwise indicated.

The Group’s principal activities are those relating to investment holding, providing management services to its investees, supply of piping systems and related accessories for use in water and wastewater infrastructure developments, Food and Beverage and manufacturing of Valves and fittings.

The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited.

The registered office is 2 Kallang Avenue, CT Hub, #05-19 Singapore 339407. The company is situated in Singapore.

2. Basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS (I) s”) 1-34 Interim Financial Reporting (“Standards”) issued by the Accounting Standards Council Singapore. They are also in compliance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the provisions of the Catalist Rules.

The accounting policies and methods of computation applied in these condensed consolidated interim financial statements are consistent with those of the latest audited annual financial statements for the financial year ended 31 December 2020 except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.



SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

3. Seasonality of operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Financial information by operating segment

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management purposes, the Group is organised into the following major strategic operating segments that offer different products and services: (1) General trading, (2) Engineering solutions, (3) Valves and (4) Others. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The segments and the types of products and services are as follows:

- (1) General trading ("GT") – Trading of water piping materials and related accessories;
- (2) Engineering solutions ("ES") – Provision of specialised products to water infrastructure products;
- (3) Valves ("VA") – Valves for municipal and industrial applications; and
- (4) Others – Supply of parts and accessories in Oil & Gas industry and other non–water related products.

Segment results consist of costs directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the Group are as far as practicable based on market prices.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate a segment's operating results is gross profit.

Segment assets consist principally of trade receivables that are directly attributable to a segment.

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

4. Financial information by operating segment (cont'd)

4B. Profit or loss from continuing operations and reconciliations

<u>6 months from 1 January to 30 June</u>	<u>General Trading</u>		<u>Engineering Solutions</u>		<u>Valves</u>		<u>Others</u>		<u>Unallocated</u>		<u>Consolidated</u>	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
<u>Revenue by segment</u>												
External sales	3,318	5,137	2,091	1,645	909	850	40	66	-	-	6,358	7,698
Result :-												
Segment result	1,115	1,548	472	463	189	103	25	(116)	-	-	1,801	1,998
Interest income							-	-	23	12	23	12
Finance costs							-	-	(88)	(93)	(88)	(93)
Amortisation of land use rights							-	(59)	-	-	-	(59)
Depreciation of property, plant and equipment							-	-	(347)	(361)	(347)	(361)
Depreciation of right-of-use assets							-	-	(182)	(42)	(182)	(42)
Employee benefits expenses							-	-	(1,950)	(1,925)	(1,950)	(1,925)
Unallocated corporate expense							-	-	(835)	(1,224)	(835)	(1,224)
Other gains							-	-	192	333	192	333
Share of (loss) / profit from equity-accounted associate									(3)	16	(3)	16
Share of loss from equity-accounted joint ventures									(17)	(104)	(17)	(104)
Loss before income tax											(1,406)	(1,449)
Income tax expenses											(43)	(40)
Net loss after tax											(1,449)	(1,489)

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

4. Financial Information by operating segment (cont'd)

4C. Assets, liabilities and reconciliations

<u>Business Segments</u>	<u>General Trading</u>		<u>Engineering Solutions</u>		<u>Valves</u>		<u>Others</u>		<u>Unallocated</u>		<u>Consolidated</u>	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Other information												
Trade and other receivables	1,662	4,328	2,301	883	665	610	1,719	2,124	-	-	6,347	7,945
Contract Assets	165	131	851	834	-	-	-	-	-	-	1,016	965
Property, plant and equipment									10,162	10,980	10,162	10,980
Right-of-Use Assets									653	739	653	739
Cash and cash equivalents									4,026	5,225	4,026	5,225
Asset held for sale									154	395	154	395
Other assets									2,219	1,348	2,219	1,348
Others									1,167	1,403	1,167	1,403
Total assets											<u>25,744</u>	<u>29,000</u>
Segment liabilities												
Trade and other payables									5,870	6,533	5,870	6,533
Other financial liabilities									4,370	4,844	4,370	4,844
Lease liabilities									880	1,031	880	1,031
Liabilities associated with assets held for sale under SFRS(I) 5									18	326	18	326
Others									722	1,008	722	1,008
Total liabilities											<u>11,860</u>	<u>13,742</u>
Capital expenditure									112	1,355	112	1,355



SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

4. Financial information by operating segment (cont'd)

4D. Geographical information

	<u>Revenue</u>		<u>Non-current assets</u>	
	<u>6 months end 30 June</u>		<u>30-Jun-21</u>	<u>31-Dec-20</u>
	<u>2021</u>	<u>2020</u>	<u>S\$'000</u>	<u>S\$'000</u>
	<u>S\$'000</u>	<u>S\$'000</u>		
South Asia	2,422	4,784	10,928	11,249
North Asia	3,936	2,455	481	869
Europe	-	459	-	-
Total	<u>6,358</u>	<u>7,698</u>	<u>11,409</u>	<u>12,118</u>

South Asia region comprises Singapore, Malaysia, Philippines, and Vietnam. North Asia comprises China and Hong Kong.

5. Loss before taxation

The following items have been included in arriving at loss before taxation:

	<u>Group</u>	
	<u>6 months ended 30</u>	
	<u>2021</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>
<u>Marketing and distribution costs</u>		
Employee benefits expense	642	900
Depreciation of property, plant and equipment	<u>32</u>	<u>33</u>
<u>Administrative expenses</u>		
Employee benefits expense	1,308	1,014
Depreciation of property, plant and equipment	272	316
Depreciation of right-of-use assets	<u>182</u>	<u>224</u>
<u>Other gains / (losses)</u>		
Allowance for impairment of plant and equipment	(63)	-
Bad debts written off trade receivables	-	(157)
Gain on disposal of plant and equipment, net	23	250
Gains on disposal of subsidiaries, net	-	730
Government grants	126	186
Net allowance for impairment on inventories	(84)	(107)
Net allowance for impairment on trade receivables – loss	<u>-</u>	<u>(599)</u>

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

6. Income tax

Components of tax expense recognised in profit or loss include:

	Group	
	6 months ended 30	
	June	
	2021	2020
	S\$'000	S\$'000
<u>Current tax expense:</u>		
Current tax expense	(40)	–
Under adjustments in respect of prior periods	(3)	(40)
Total income tax expense	<u>(43)</u>	<u>(40)</u>

7. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired plant and equipment with an aggregate cost of S\$214,000 (1H2020: S\$512,000), of which S\$94,000 (1H2020: S\$NIL) relates to right-of-use assets.

8. Trade and other receivables

	Group		Company	
	30 June	31	30 June	31
	2021	December	2021	December
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade receivables:</u>				
Outside parties	3,570	5,724	8	3
Less allowance for expected credit losses	–	(39)	–	–
Subsidiaries	–	–	590	567
Less allowance for expected credit losses	–	–	(210)	(204)
Related parties	211	261	120	120
Trade receivables – subtotal	<u>3,781</u>	<u>5,946</u>	<u>508</u>	<u>486</u>
<u>Other receivables:</u>				
Related parties	2,544	1,993	30	27
Subsidiaries	–	–	7,679	8,483
Less allowance for expected credit losses	–	–	(2,969)	(2,904)
Outside parties	27	611	–	5
Less allowance for expected credit losses	(5)	(605)	–	(5)
Other receivables – subtotal	<u>2,566</u>	<u>1,999</u>	<u>4,740</u>	<u>5,606</u>
Total trade and other receivables	<u>6,347</u>	<u>7,945</u>	<u>5,248</u>	<u>6,092</u>

The average credit period generally granted to trade receivable customers is about 60 to 90 days (2020: 60 to 90 days), but some customers take a longer period to settle the amounts.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

9. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	<u>30 June</u> <u>2021</u> S\$'000	<u>31</u> <u>December</u> <u>2020</u> S\$'000	<u>30 June</u> <u>2021</u> S\$'000	<u>31</u> <u>December</u> <u>2020</u> S\$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	1,126	2,927	–	–
Related parties	651	834	–	–
Trade payables – subtotal	<u>1,777</u>	<u>3,761</u>	<u>–</u>	<u>–</u>
<u>Other payables:</u>				
Outside parties	1,684	1,434	176	274
Ultimate parent company	471	470	471	470
Related parties	132	7	–	–
Subsidiaries	–	–	911	896
Advances received from customers	1,806	861	–	–
Other payables – subtotal	<u>4,093</u>	<u>2,772</u>	<u>1,558</u>	<u>1,640</u>
Total trade and other payables	<u>5,870</u>	<u>6,533</u>	<u>1,558</u>	<u>1,640</u>

The average credit period generally granted by trade payables suppliers is about 30 to 90 days (2020: 30 to 90 days).

10. Aggregate amount of the group's borrowings and debt securities

Amount repayable in one year or less, or on demand;

<u>As at 30-Jun-2021</u>		<u>As at 31-Dec-20</u>	
<u>Secured</u> <u>S\$'000</u>	<u>Unsecured</u> <u>S\$'000</u>	<u>Secured</u> <u>S\$'000</u>	<u>Unsecured</u> <u>S\$'000</u>
965	-	957	-

Amount repayable after one year

<u>As at 30-Jun-2021</u>		<u>As at 31-Dec-20</u>	
<u>Secured</u> <u>S\$'000</u>	<u>Unsecured</u> <u>S\$'000</u>	<u>Secured</u> <u>S\$'000</u>	<u>Unsecured</u> <u>S\$'000</u>
3,405	-	3,887	-

The Group's bank borrowings and debt securities as at 30 June 2021 of S\$4,370,000 (31 December 2020: S\$4,844,000) are secured by:

- A negative pledge over the assets of the Group;
- Group's property in Tuas; and
- Corporate guarantees from the Company.

The obligations under finance lease of S\$224,000 as at 30 June 2021 (31 December 2020 : S\$284,000) are secured by a charge over the leased assets and personal guarantee from a director of the Company.

With regards to finance facilities obtained from a lender, the Group did not meet the financial covenants in respect of its project financing facility for the period ended 30 June 2021. None of the relevant banking facilities have been drawn down as of 30 June 2021. The Group had obtained from the relevant lender a waiver of compliance in relation to the financial covenants relating to 30 June 2021 before the date of this announcement, such that the project financing facility remains intact.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

11. Share capital

	<u>Group and Company</u>	
	<u>Number</u>	<u>Share</u>
	<u>of shares</u>	<u>capital</u>
	<u>issued</u>	<u>000</u>
	<u>000</u>	<u>S\$'000</u>
Ordinary shares of no par value:		
Balance at 1 January 2020, 31 December 2020 and 30 June 2021	<u>214,202</u>	<u>15,300</u>

The ordinary shares of no par value which are fully paid carry no right to fixed income. The Company is not subject to any externally imposed capital requirements.

12. Financial instruments: information on financial risks

12A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting period:

	<u>Group</u>		<u>Company</u>	
	<u>30 June</u>	<u>31</u>	<u>30 June</u>	<u>31</u>
	<u>2021</u>	<u>December</u>	<u>2021</u>	<u>December</u>
	<u>S\$'000</u>	<u>2020</u>	<u>S\$'000</u>	<u>2020</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<u>Financial assets:</u>				
Financial assets at amortised cost	<u>10,373</u>	<u>13,170</u>	<u>5,897</u>	<u>6,748</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	<u>11,120</u>	<u>12,408</u>	<u>1,683</u>	<u>1,781</u>

12B. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3.. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

13. Events after the end of the reporting period

There are no known subsequent events which led to adjustments to this set of condensed consolidated interim financial statements.

Other information required by Appendix 7C of the Catalyst Rules

The consolidated statement of financial position of Pan Asian Holdings Ltd and its subsidiaries as at 30 June 2021 and the related consolidated profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period ended 30 June 2021 and certain explanatory notes have not been audited or reviewed by the Company's auditors.

1. 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 financial period reported on.

Revenue

The Group's revenue was S\$6.4million as compared to S\$7.7million recorded in the half year ended 30 June 2020 ("1H2020"). The decrease in revenue by S\$1.3million or 17.4% is mainly attributable to the following reasons:

- (i) The delay in revenue recognition for the half year ended 30 June 2021 ("1H2021") as the Group's businesses and operations continue to be adversely affected by the strict measures undertaken by Governments to curb the spread of the Coronavirus Disease 2019. This has resulted in delays of the Group's delivery of its products and services, which hence delayed the Group's revenue recognition in 1H2021; and
- (ii) Reduced demand from the Group's customers in Asia region in 1H2021 due to Governments' restrictions on traveling and holding of exhibitions to curb the spread of Covid-19, which resulted in a decrease in sales.

Gross Profit

Gross profit was S\$1.8million (Gross Profit Margin of 28.3%) in 1H2021 as compared to S\$2.0million (Gross Profit Margin of 26%) in 1H2020, in line with the decrease in revenue. The decrease in gross profit is largely attributable to lower sales volume in 1H2020, as per the above explanation on the decrease in revenue. The Group's higher Gross Profit Margin in 1H2021 is mainly due to the Group's strategy shift to focusing on implementing cost controlling measures.

Other gains

The decrease in other gains was mainly attributable to there being a one-off gains on disposal of (i) the Group's wholly-owned subsidiary Pan Asian Manufacturing (Tianjin) Co., Ltd as well as (ii) plant and equipment in 1H2020.

Marketing and Distribution Costs

Marketing and distribution costs decreased mainly due to lower sales and marketing activity as a result of travel restrictions imposed by various countries to curb the spread of COVID-19.

Administrative Expenses

Administrative expenses slightly decreased in 1H2021 mainly due to the implementation of continuously tighter cost control measures within the Group since FY2020, as well as there being one off professional fees incurred for the closure of overseas subsidiaries' offices and hosting of the extraordinary general meeting in 1H2020. The decrease in administrative expenses was offset by higher expenses being incurred for salaries of employees of a new subsidiary that was incorporated in the second half of FY2020.

Other losses

Other losses decreased largely due to one-off recognition of allowance for impairment in inventories and other receivables, as well as an increase in the write-off of bad debts and the write-off of inventories in 1H2020. The allowance for expected credit losses on other receivables includes an amount owing from the buyers of a former subsidiary, DWK Valves (Tianjin) Co. Limited of S\$0.6million.

Financial Position and Working Capital of the Group

Assets

The total non-current assets as at 30 June 2021 was S\$11.4million compared to S\$12.1million as at 31 December 2020, a decrease of S\$0.7million which was due mainly to the depreciation expenses and amortisation expenses on right of use assets incurred for the year. This was offset by the increase of the non current other assets due to purchase of the new corporate membership for employee benefits.

The current assets as at 30 June 2021 was S\$14.4million compared to S\$16.9million as at 31 December 2020. The decrease of S\$2.5million was attributable mainly to:

- (i) a decrease of cash and cash equivalents of S\$1.2million due to payments made for normal operating activities within the Group; and
- (ii) a decrease of current trade and other receivables mainly due to weakened sales demand in 1H2021.
- (iii) a decrease of the inventories of S\$0.2million due to management's enforcement of stringent controls over inventory purchases.

The decrease in current assets was offset by an increase in other assets of \$0.7million arising mainly from the deposit paid to a supplier to secure the goods to be delivered to customers in the next 3 to 6 months from the date of this announcement.

Liabilities

Non-current liabilities as at 30 June 2021 was S\$3.9million as compared to S\$4.6million as at 31 December 2020. The decrease of S\$0.7million was due to repayment of other financial liabilities and lease liabilities during 1H2021.

Current liabilities as at 30 June 2021 was S\$7.9million compared to S\$9.2million as at 31 December 2020. The decrease of S\$1.3million due to:

- (i) a decrease in contract liabilities arising from revenue recognised from long-term projects upon completion of deliveries based on a project accounting method;
- (ii) a decrease in trade and other payables of S\$0.7million due to faster repayment in order to maintain a good business relationship with its suppliers as at 30 June 2021; and
- (iii) a decrease in liabilities associated with assets held for sale of S\$0.3million due to the commencement of liquidation proceedings of 2 China entities, PA Water Solutions (Shanghai) Limited and Duvalco Valves & Fittings (Wuxi) Co. Ltd, where the Company started to clean up the account balances within 2 entities.

Statement of Cash Flows

For 1H2021, net cash used in operating activities amounted to S\$0.4million, arising from loss for the period after changes in working capital and non-cash adjustments due to cash flows used in contract liabilities and trade and other payables of S\$0.3 million and S\$1.0 million respectively. Cash flows used in other assets of S\$0.9 million was used to placed deposits with suppliers. The increase in net cash used in operating activities is partially offset by cash flows from trade and other receivables and inventories of S\$1.8 million and S\$0.2 million respectively.

Net cash from investing activities was due mainly to cash proceeds from a disposal of plant and equipment of S\$0.6 million, offset by capital expenditure of S\$0.1million.

Net cash used in financing activities was due mainly to repayment of bank loans and a principal portion paid for lease liability of S\$0.5million and S\$0.2million respectively.

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

The financial results are in line with the forecast statement disclosed in the Company's profit guidance announcement dated 6 August 2021.

3. 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 30 June 2021 stands at S\$46 million, an increase compared to S\$36 million as at 31 December 2020 to be realised over a period of between 1 month to 5 years.

Based on advance estimates from the Ministry of Trade and Industry announced on 14 July 2021¹, the Singapore economy grew by 14.3% on a year-on-year basis in the second quarter of 2021, extending the 1.3% growth in the previous quarter. The strong growth was largely due to the low base in the second quarter of 2020 when Gross Domestic Product ("GDP") fell by 13.3% due to the Circuit Breaker measures implemented from 7 April to 1 June 2020. On comparison to pre-pandemic level in the second quarter of 2019, GDP in the second quarter of 2021 remained 0.9% lower. On a quarter-on-quarter seasonally adjusted basis, the Singapore economy contracted by 2.0% in the second quarter of 2021, a reversal from the 3.1% growth in the preceding quarter.

The construction sector expanded by 98.8% on a year-on-year basis in the second quarter of 2021, a turnaround from the 23.1% contraction in the preceding quarter. The sharp upturn was due to low base effects as the Circuit Breaker measures had resulted in a stoppage of most construction activities in the second quarter of last year. In absolute terms, the value-added of the sector remained 31.6% below its pre-pandemic (i.e., second quarter of 2019) level. On a quarter-on-quarter seasonally-adjusted basis, the construction sector shrank by 11.0% in the second quarter of 2021, a reversal from the 4.5% growth in the previous quarter.

According to the projection by the Building and Construction Authority Singapore ("BCA") on 18 January 2021², construction demand in 2021 is expected to range between S\$23 billion and S\$28 billion, with the public sector contributing about 65% of the total demand. This is an improvement from the preliminary estimate of S\$21.3 billion in 2020 during the ongoing COVID-19 pandemic. The public sector is expected to drive the construction demand in 2021 and some of the upcoming major public sector projects scheduled to be awarded this year.

The construction sector is facing challenges such as supply chain disruptions, higher material and manpower costs, and higher cost and time resources needed to comply with COVID-safe measures as well as demand and challenges faced to make up for lost time in the completion of projects. Despite the challenges ahead, the Group is looking ahead to secure more sales orders when public projects are awarded, while it continues to deliver its existing order book. The Group believes it has the track record, experience and capabilities to ensure a strong order book for sustainable growth.

The Group has sufficient cash balances for its current working capital to meet its debt covenants and to service its debt obligations. The Group continues to monitor closely the impact of the outbreak of the COVID-19 and will align its business activities and adapt its operations accordingly.

4. 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 and subsidiary holdings 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

¹ https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2021/07/AdvEst_2Q21.pdf

² <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2021/01/18/public-sector-construction-demand-to-support-the-sector's-recovery#:~:text=Monday%2C%2018%20January%202021&text=Singapore%2C%2018%20January%202021%20%E2%80%93%20The,billion%20and%20S%2428%20billion>

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 31 December 2020 up to 30 June 2021. The Company's share capital as at 31 December 2020 and 30 June 2021 remained at S\$15,300,000 and comprised 214,202,036 shares.

There were no convertible securities, treasury shares or subsidiary holdings outstanding as at the end of 30 June 2021 and 30 June 2020.

5. To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Total Number of issued shares (excluding treasury shares)
As at 31 December 2020 and 30 June 2021	214,202,036

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

6. A statement showing all sales, transfers, cancellation and/or use of treasury shares 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.

7. 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. There were no subsidiary holdings during and as at the end of the current financial period reported on.

8. 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.

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

Not applicable.

10. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (this is not required for any audit issue that is a material uncertainty relating to going concern):—

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

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

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

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

The Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period as compared to the audited financial statements for the financial year ended 31 December 2020.

12. 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.

During the current financial period, the Group and the Company have adopted the following amendments to SFRS(I)s which took effect from financial year beginning 1 January 2021:

- Amendments to SFRS(I) 16 Covid-19-Related Rent Concessions
- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2

The adoption of the above amendments to SFRS(I)s is assessed to have no material financial effect on the results and financial position of the Group and of the Company for the year ending 31 December 2021. Accordingly, it has no material impact on the earnings per share of the Group and of the Company.

**13. 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**

Please refer to the condensed interim statements of financial position.

14. Dividend

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

No dividend has been recommended or declared for 1H 2021.

(b) Interim or Final dividend per share

Not applicable.

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

Not applicable.

(d) Date the dividend is payable

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended for the period and financial year ended 30 June 2021 and 31 December 2020 respectively as the Group deems it appropriate to retain its cash for business expansion and future growth of the Group.

16. If the Group has obtained a general mandate from shareholders for interested person transactions (“IPT”), 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.

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 less than \$100,000 and 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) WUHU PAM TECH CO. LTD			
* Rental of manufacturing equipment by Wuhu Duvalco Valves & Fitting Co. Ltd (“WDVF”) from WUHU PAM TECH CO. LTD between Jan'21 to December'21	A	100.0	
Total		100.0	-

(A) Wuhu Pam Tech Co. Ltd is a Company incorporated in China and is wholly-owned by Richard Koh Chye Heng, the Executive Chairman of the Company.

Save as disclosed above, there was no other interested party transaction of S\$100,000 and above entered into during 1H2021. The Company does not have an existing interested person transaction general mandate pursuant to Rule 920 of the Catalist Rules.

17. Confirmation of directors and executive officers’ undertakings pursuant to the Rule 720(1) (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.

18. Disclosures on Acquisition and Realisation of Shares pursuant to Rule 706A (if any)

The acquisitions and disposal of subsidiaries during 1H2021 is set out in the table below.

S/N	Entity	Country of incorporation	Percentage of interest held	Held by	Paid up Share capital Singapore Dollars	Details of Transaction	Date of announcement
1	PA Flow Technology (HK) Limited	Hong Kong	100%	Wholly owned subsidiary of Pan Asian Holdings Limited	1	Incorporation	NA

BY ORDER OF THE BOARD

Richard Koh Chye Heng
Executive Chairman
13 August 2021

CONFIRMATION BY THE BOARD

The Directors of the Company hereby confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited condensed interim consolidated financial statements to be false or misleading in any material respect.

On behalf of the Board of Directors

Richard Koh Chye Heng
Executive Director

Lam Kwong Fai
Lead Independent Director

Singapore, 13 August 2021

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms. Foo Jien Jieng, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.