

PAN ASIAN HOLDINGS LIMITED

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

- (I) THE PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS TO INCLUDE THE DESIGN AND BUILD BUSINESS
 - (II) THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF SEVENS CREATION PTE. LTD.
 - (III) THE PROPOSED DISPOSAL OF THE GROUP'S EXISTING BUSINESSES AS AN INTERESTED PERSON TRANSACTION AND A MAJOR TRANSACTION
 - (IV) THE PROPOSED CHANGE OF NAME
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1. INTRODUCTION

1.1 The board of directors (the "**Board**" or "**Directors**") of Pan Asian Holdings Limited (the "**Company**") and together with its subsidiaries, the "**Group**") wishes to announce the following:

1.1.1 the Company had on 28 April 2022 entered into a conditional sale and purchase agreement (the "**Acquisition SPA**") with Mr. Cheng Lye Meng Eric ("**Vendor**" or "**Mr. Cheng**") in relation to the proposed acquisition (the "**Proposed Acquisition**") of the entire issued and paid-up share capital (the "**Target Shares**") in Sevens Creation Pte. Ltd. (the "**Target**") which owns two wholly owned subsidiaries, Sevens Build Pte. Ltd. and Sevens Design Pte. Ltd. (collectively, the "**Target Group**" and each a "**Target Company**") by the Company from the Vendor.

Upon completion of the Proposed Acquisition, the Target Group will become wholly-owned subsidiaries of the Company; and

1.1.2 the Company had on 28 April 2022 entered into a conditional sale and purchase agreement (the "**Disposal SPA**") with Incarich Pte. Ltd. as purchaser (the "**Purchaser**") and Xu Jia Zu Holdings Pte. Ltd., as covenantor (the "**Covenantor**") in relation to the proposed disposal of all of the Company's existing businesses of general trading and supply of piping systems and related accessories; valves manufacturing, sales and distribution; engineering solutions for use in water and wastewater infrastructure development and food and beverage ("**Existing Businesses**") (the "**Proposed Disposal**"),

(the Proposed Acquisition and the Proposed Disposal shall collectively be referred to as the "**Proposed Transactions**").

1.2 In connection with the Proposed Acquisition, the Board also wishes to announce that subject to the approval of the shareholders of the Company ("**Shareholders**"), the Company intends to diversify into the design and build business (the "**Proposed Diversification**"). In connection with the Proposed Transactions and the Proposed Diversification, the Company proposes to adopt a new company name ("**Proposed Change of Name**") which is subject to approval from Accounting and Corporate Regulatory Authority to be obtained in due course and will be effective upon the completion of the Proposed Transactions.

1.3 The Company intends to convene an extraordinary general meeting ("**EGM**") to seek approval of the Shareholders for the Proposed Transactions, the Proposed Diversification and the Proposed Change of Name (collectively, the "**Proposed Corporate Actions**") as inter-conditional resolutions. If any of the Proposed Transactions, the Proposed Diversification and the Proposed Change of Name is not approved by the Shareholders, the Company will not

proceed with either of the aforesaid transactions.

- 1.4 Subject to Shareholders' approval being obtained for the Proposed Corporate Actions at the EGM, the Company proposes to complete the Proposed Acquisition prior to the completion of the Proposed Disposal. The Company will fund the Proposed Acquisition with the proceeds from the Proposed Disposal and internal funds. For details on the salient terms of the Proposed Acquisition, please refer to Section 4.2 below.

2. RATIONALE FOR THE PROPOSED CORPORATE ACTIONS

Having considered the prospects of the Target Group which is a profitable business and the fact that the property market in Singapore has enjoyed sustained growth since 2020 with a positive outlook, the Board is of the view that the Proposed Acquisition is in the best interests of the Company and the Shareholders as it has the potential to provide new revenue streams to the Group in order to enhance Shareholders' value.

The Proposed Acquisition will enable the Group to tap on the Target's reputable brand name in the design and build industry, as well as the expertise of the Target Group in the building, construction and design industry. In view of the above, the Board believes that the Proposed Acquisition presents a good opportunity for the Company to enter into the Design and Build Business and provide Shareholders with diversified returns and potential long-term growth.

The Group intends to reposition itself and diversify into the Design and Build Business (as further defined in Section 3.1 below). The Proposed Diversification through the Proposed Acquisition is expected to replace the Group's current revenue streams and provide a new income base. The Group believes the Proposed Acquisition and the Proposed Diversification will serve to enhance Shareholders' value as they represent new business opportunities to enter into a new segment which has the potential to provide the Group with new revenue streams with growth potential. The Group has embarked on this diversification strategy with a view to achieving long term sustainable growth and diversifying its income streams.

The Group's Existing Businesses have been affected by the series of lockdowns brought on by the Covid-19 pandemic. Given the uncertainties prevailing in the current global economic outlook, the Board believes that it is prudent to take active steps to reposition itself. Following the completion of the Proposed Disposal, the Company will cease its Existing Businesses and focus on the Design and Build Business.

In considering funding options for the Proposed Acquisition by the Board, Mr. Richard Koh Chye Heng, the Executive Chairman of the Company expressed an interest in acquiring from the Company all its Existing Businesses, as he wishes to retire from managing a public listed company given his age (74 years old) and after considering listing compliance costs of a public listed company and the returns generated by the Existing Businesses in the past four financial years, he plans to restructure and operate the Existing businesses on his own term as a private entity following the completion of the Proposed Disposal. The Board has considered the fact that the Company has not tapped on the capital markets for further funding since its listing on the SGX-ST other than the rights issue exercise undertaken in 2011. The Board is of the view that the Proposed Disposal presents a good opportunity for the Company to exit its Existing Businesses and the proceeds from the Proposed Disposal will provide the Company with the necessary funding to finance the Proposed Acquisition.

Following the completion of the Proposed Transactions, the Company will be focusing on the Design and Build Business acquired through the Proposed Acquisition in line with its diversification and repositioning strategy.

In line with the Proposed Transactions and the Proposed Diversification, the Company is entering into a different business area with a new corporate identity. Accordingly, the Board also considers it appropriate for the Company, for identification purposes, to undertake the Proposed Change of Name in order to more accurately reflect the Company's strategic direction and business activities in the Design and Build Business going forward. The Proposed Change of Name will enable the Company to create a new brand identity for itself and develop a new positioning in the market, allowing the public and the Company's business partners to better identify with the Company under this new name moving forward.

3. INFORMATION ON THE PROPOSED DIVERSIFICATION

3.1 Background

For the financial year ended 31 December 2018, the Group incurred losses after tax of approximately S\$1.23 million. Since then, the Company has been looking into ways to rejuvenate its operations to enhance Shareholders' value. In 2019, the Company obtained Shareholders' approval for the diversification of its core business to include a food and beverage business, including investing in and building a manufacturing plant in Thailand. Such plans were however put on hold due to the COVID-19 pandemic. Nevertheless, the Company has continued to be on an active lookout for new opportunities to rejuvenate its business.

In years 2020 and 2021, the outbreak of the COVID-19 pandemic caused an unprecedented amount of uncertainty on the global economy and widespread global disruptions. While the Group has continued to attempt to mitigate the impact caused by COVID-19 by improving its market competitiveness and managing its costs, the current global economy continues to be challenging. The Company has faced challenges such as supply chain disruptions, higher material and manpower costs, and higher cost and time resources needed to comply with COVID-19 safe measures as well as demand and challenges faced to make up for lost time in the completion of projects. Despite its best efforts, the Group has continued to incur net losses in the financial years ended 31 December 2020 and 31 December 2021.

The management has conducted a strategic business review of the Group's core business segments and after consultation with the Board, the management has proposed for the Company to diversify into the design and build business, which entails, the provision and supply of building, construction, design, engineering, infrastructure and related solutions, services and products such as solutions, services and products for new construction works, addition and alteration works, works for refurbishment and upgrading of existing properties and infrastructure works and projects (the "**Design and Build Business**"), in order to improve the Group's financial position and unlock shareholders' value.

The Company will be carrying out the Design and Build Business through the Target Group following the successful completion of the Proposed Acquisition. The Target Group was identified by Ms. Vanessa Lim, the Executive Director of the Company and the sibling of a controlling shareholder of the Company, Mr. Lim Wei Zhi Sylvester, through her network of connections. Ms. Vanessa Lim's family is engaged in the real estate business though she does not hold any executive role in the family business.

Currently, the Design and Build Business shall be primarily conducted in Singapore. However, the Group does not plan to restrict the Design and Build Business to any specific geographical market as each project and/or investment into a new geographical market will be evaluated and assessed by the Board based on its merits.

4. DETAILS OF PROPOSED ACQUISITION

4.1 Information relating to the Target

4.1.1 Information on the Target

The Target is an investment holding company incorporated as a private company limited by shares in Singapore on 27 July 2021 with an issued and paid-up share capital of S\$50,000 divided into 50,000 ordinary shares, which is entirely owned by the Vendor, who is also the sole director of the Target. The Vendor is an independent third party and is not related to the Directors, controlling Shareholders of the Company and their respective associates.

The Target is the sole legal and beneficial owner of the entire issued and paid-up capital of Sevens Build Pte. Ltd. and Sevens Design Pte. Ltd., both of which are engaged in the Design and Build Business in Singapore, and each holds a Class 2 General Builder's Licence issued by the Building and Construction Authority of Singapore which allows them to undertake general building works for projects of S\$6 million or less.

Details of the existing key management of the Target Group are set out below:

Mr. Jeffrey Hong, a Singapore citizen, is the chief executive officer of the Target Group and spearheads the Target Group's overall growth, position and long-term strategic planning and goals. He has more than 28 years of experience in the real estate industry and is known for his syndication for property development and has been involved in several merger and acquisition exercises for Singapore listed companies.

Mr Stanny Chai, a Singaporean citizen, is a project director of the Target Group, and has more than 21 years of extensive experience in the construction industry. He specialises in project management for construction, architectural and interior design.

The Board recognises that the Design and Build Business is ultimately different from its Existing Businesses. However, the Group is confident of developing and building up the expertise required for the Design and Build Business over time, together with the guidance and strategic vision of its Board and experience of the Company's partners.

Accordingly, it is currently envisaged that the Design and Build Business and related management will be spearheaded by the existing management of the Company, led by Ms. Vanessa Lim, supported by Mr. Jeffrey Hong and Mr. Stanny Chai and that they will be responsible for overseeing the entire operations of the Design and Build Business. The Vendor will not be involved in the management of the Design and Build Business. Further details of the management of the Design and Build Business following the completion of the Proposed Acquisition will be set out in the circular to be issued by the Company in due course.

4.1.2 Key Financial Information on the Target

Based on the latest unaudited management accounts of the Target for the twelve months' financial period ended 31 December 2021, the book value, net tangible asset value and the net profits of or attributable to the Target Shares are S\$12,400,000, S\$935,194 and S\$54,714, respectively.

4.2 Principal terms of the Proposed Acquisition

4.2.1 Acquisition Consideration

The aggregate consideration for the Target Shares is the sum of Twelve Million Singapore Dollars (S\$12,000,000) (the "**Acquisition Consideration**"), which shall be satisfied by the Company in full by the issuance of unsecured loan notes in the nominal amount of S\$12,000,000 ("**Loan Notes**") by the Vendor to the Company on the completion of the Proposed Acquisition ("**Acquisition Completion**"). The Acquisition Consideration was arrived at after arm's length negotiations between the Company and the Vendor on a "willing buyer willing seller" basis, taking into consideration the preliminary valuation on the Target Group (as described below) and the expertise and brand name of the Target Group. The Company is of the view that it is not overpaying for the Proposed Acquisition as the Acquisition Consideration constitutes a small discount of approximately 3.23% to the preliminary valuation. The Loan Notes are redeemable by the Vendor in accordance with the following repayment schedule: (a) within 3 business days from the date of Acquisition Completion, approximately 69% of the Loan Notes; (b) within 13 business days from the date of Acquisition Completion, approximately 19% of the Loan Notes and (c) within 68 business days from the date of Acquisition Completion, approximately 12% of the Loan Notes. The Loan Notes do not bear interest unless in the event of default of repayment by the Company, the unpaid amount will bear default interest at the rate of 5% per annum from the due date until the date of repayment.

In connection with the Proposed Acquisition, the Company has commissioned Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**Valuer**"), an independent valuer to perform a valuation of the Target Group. Based on the preliminary valuation conducted by the Valuer, the indicative market value of the Target Shares is estimated to be at S\$12,400,000. Details of the final independent valuation report or the valuation certificate will be set out in the circular to be despatched to the Shareholders in due course.

4.2.2 **Acquisition Conditions Precedent**

The Acquisition Completion is conditional upon certain conditions precedent having been satisfied or waived (as the case may be), including but not limited to the following:

- (a) the results of legal, financial and commercial due diligence investigations in respect of each Target Company and Target Shares being satisfactory to the Company (in its sole discretion);
- (b) all authorisations (whether governmental, corporate or otherwise or from financial institutions or any third parties) which are necessary to be obtained in connection with the Proposed Acquisition being granted or obtained, and the same remaining in full force and effect and not being withdrawn or amended on or before completion of the Proposed Acquisition, and to the extent that such authorisations are subject to any conditions required to be fulfilled before the completion of the Proposed Acquisition, all such conditions having been duly so fulfilled;
- (c) approval of the board of directors and Shareholders of the Company having been obtained for the transactions contemplated pursuant to or in connection with the Acquisition SPA, including the Proposed Acquisition and Proposed Diversification; and
- (d) no event having occurred after the date of the Acquisition SPA which has or is likely to result in a material adverse change in the business, operations, assets, position (financial, trading or otherwise), profits or prospects of each Target Company.

4.2.3 Acquisition Longstop Date

If all of the conditions precedent under the Acquisition SPA (save for those compliance with which has been waived in accordance with the terms of the Acquisition SPA) have not been fulfilled on or before 5.00 p.m. on the date falling four (4) months from the date of the Acquisition SPA, the Acquisition SPA shall lapse and no party shall have any claim against any other party under it, save as otherwise provided in the Acquisition SPA and for any claim arising from antecedent breaches of the Acquisition SPA.

4.2.4 Acquisition Completion

The Acquisition Completion shall take place on the third (3rd) business day after the date on which all of the conditions precedent under the Acquisition SPA have been fulfilled or otherwise waived in accordance with the terms of the Acquisition SPA

4.3 Relative Figures Computed on the Bases set out in Rule 1006 of the Catalist Rules

Based on the latest announced consolidated financial statements of the Group (being the audited financial statements for the financial year ("FY") ended 31 December 2021 ("FY2021")), the relative figures in relation to the Proposed Acquisition computed on the bases set out in Rule 1006 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("**Catalist Rules**") are as follows:

Rule 1006	Bases of Calculation	Relative Figure (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	N.A. ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	(11.54) ⁽²⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	65.14 ⁽³⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A. ⁽⁴⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	N.A. ⁽⁵⁾

Notes:

- (1) This is not applicable to an acquisition of assets.
- (2) The net profits attributable to the Target Group for the twelve months' period ended 31 December 2021 was S\$54,714 based on the Target Group's unaudited management accounts for the financial year ended 31

December 2021. The net loss attributable to the Group for FY2021 was S\$474,130 based on the Group's latest announced financial statements for FY2021. This gives rise to a negative figure of approximately 11.53%.

- (3) Aggregate value of the consideration given is S\$12 million, compared with the Company's market capitalisation of approximately S\$18 million. The market capitalisation of the Company is computed based on 214,202,036 shares in issue and the volume weighted average price of S\$0.086 per share on 22 April 2022, being the last market day preceding the date of the Acquisition SPA on which the Company's shares were last traded. The Company does not have any treasury shares.
- (4) Not applicable as no equity securities will be issued as consideration.
- (5) Not applicable as the Company is not a mineral, oil and gas company.

4.4 **Classification of the Proposed Acquisition under the Chapter 10 of the Catalist Rules**

Under Rule 1007(1) of the Catalist Rules, if any of the relative figures computed pursuant to Rule 1006 of the Catalist Rules involves a negative figure, Chapter 10 of the Catalist Rules may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10A of the Catalist Rules. The relative figure for the Proposed Acquisition as computed on the basis set out in Rule 1006(c) exceeds 5% but is less than 75% and the relative figure computed on the basis of Rule 1006(b) is a negative figure. Pursuant to Rule 1010 and the guidance provided in Practice Note 10A paragraph 4.4(b) of the Catalist Rules, the Proposed Acquisition would be considered a discloseable transaction and therefore, an immediate announcement in respect of the information required pursuant to Rule 1010, Rule 1011, Rule 1012 and Rule 1013 of the Catalist Rules, where applicable, is required and has been hereby made accordingly.

Notwithstanding the above, the Company will be seeking Shareholders' approval for the Proposed Acquisition given that the Proposed Acquisition is the first acquisition relating to the diversification of the Company's business into the Design and Build Business and the Board is of the view that there will be a change of risk profile of the Company pursuant to the Proposed Acquisition.

5. **DETAILS OF THE PROPOSED DISPOSAL**

5.1 **Information relating to the Disposal Assets**

5.1.1 **Information on the Disposal Assets**

As at the date of this announcement, the Company holds all the shares ("**Sale Shares**") in the issued and paid-up capital of the following companies (collectively, the "**Disposal Subsidiaries**"):

- (a) Duvalco Valves & Fittings Pte. Ltd.;
- (b) Pan Asian Flow Technology Pte. Ltd.;
- (c) Pan Asian Water Solutions (HK) Limited;
- (d) Wuhu Duvalco Valves & Fittings Co. Ltd.;
- (e) PA Water Solutions (Shanghai) Limited;
- (f) Sacha Inchi Pte Ltd;
- (g) PA Flow Technology (HK) Limited; and
- (h) PT. Pan Asian Water Solutions.

The Company carries out its Existing Businesses through the Disposal Subsidiaries and their respective subsidiaries and associated companies.

As at the date of this announcement, certain of the Disposal Subsidiaries, including PA Water Solutions (Shanghai) Limited, PT. Pan Asian Water Solutions, and PA Flow Technology (HK) Limited are dormant. PT. Pan Asian Water Solutions has a negative net asset value.

As part of the Proposed Disposal, the Company will sell and transfer to the Purchaser its existing assets and liabilities including, *inter alia*, properties, equipment, contracts, receivable and payables (the "**Other Assets**", together with the Sale Shares, collectively, the "**Disposal Assets**") relating to the Existing Businesses on the terms and conditions of the Disposal SPA.

5.1.2 Key Financial Information on the Disposal Assets

Based on the audited financial statements of the Group for FY2021, the book value, net tangible asset value and the net loss of or attributable to the Disposal Assets are S\$14,847,945, S\$14,893,000 and S\$474,000, respectively. The Proposed Disposal is expected to result in (i) a deficit of proceeds over the book value of the Disposal Assets amounting to approximately S\$2.84 million and (ii) a loss on disposal of approximately S\$2.89 million to the Group.

5.2 Information on the Purchaser and the Covenantor

The Purchaser is an investment holding company incorporated as a private company limited by shares in Singapore on 8 December 2021. Mr. Richard Koh Chye Heng is the sole shareholder and sole director of the Purchaser.

The Covenantor is the largest shareholder of the Company, with a shareholding interest of 50.95% in the Company as at the date of this Agreement. Mr. Richard Koh Chye Heng, the Executive Chairman of the Company, is deemed to be interested in the shares in the capital of the Company held by the Covenantor by virtue of his shareholding in the Covenantor. Mr. Richard Koh Chye Heng holds one golden share in the Covenantor and by virtue of the Covenantor's constitution, he is deemed to have the ability to exercise dominant influence over the Covenantor.

5.3 Principal terms of the Proposed Disposal

5.3.1 Disposal Consideration and Valuation

The aggregate consideration for the Disposal Assets is the sum of Twelve Million Singapore Dollars (S\$12,000,000) (the "**Disposal Consideration**"), which shall be satisfied by the Purchaser in cash in the following manner:

- (a) on the date of completion of the Proposed Disposal ("**Disposal Completion**"), approximately 32.78% of the Disposal Consideration (the "**First Tranche**"), being portion of the Disposal Consideration relating to the Sale Shares in Duvalco Valves & Fittings Pte. Ltd.; Pan Asian Flow Technology Pte. Ltd.; and Sacha Inchi Pte Ltd;
- (b) on the date of Disposal Completion, approximately 36.28% of the Disposal Consideration (the "**Second Tranche**"), being portion of the Disposal Consideration relating to the Other Assets;
- (c) within two (2) weeks after the Disposal Completion (or such other date as may be agreed between the Company and the Purchaser when the actual transfers of the Sale Shares in Pan Asian Water Solutions (HK) Limited and PA Flow

Technology (HK) Limited from the Company to the Purchaser are effectively completed and accompanied by a written confirmation from Hong Kong legal counsel), approximately 18.95% of the Disposal Consideration ("**Third Tranche**");

- (d) within three (3) months after the Disposal Completion (or such other date as may be agreed between the Company and the Purchaser when the actual transfers of the Sale Shares in Wuhu Duvalco Valves & Fittings Co Ltd, and PA Water Solutions (Shanghai) Limited from the Company to the Purchaser are effectively completed and accompanied by a written confirmation from PRC legal counsel), approximately 11.98% of the Disposal Consideration ("**Fourth Tranche**"); and
- (e) within six (6) months after the Disposal Completion (or such other date as may be agreed between the Company and the Purchaser when the actual transfers of the Sale Shares in PT. Pan Asian Water Solutions from the Company to the Purchaser are effectively completed), the balance approximately 0.01% of the Disposal Consideration amounting to S\$1 ("**Fifth Tranche**" collectively with the First Tranche, the Second Tranche, the Third Tranche and the Fourth Tranche, the "**Tranches**", and each or any of them, a "**Tranche**").

If the transfers of the Disposal Assets corresponding to a Tranche (save for the Fifth Tranche) ("**Relevant Tranche**") to the Purchaser are not effective within three (3) months after the Disposal Completion (or such other date as may be agreed between the Company and the Purchaser) and subject to the receipt of the relevant cashier's order in respect of the Relevant Tranche from the Purchaser, the Company undertakes to convert the relevant cashier's order in respect of the Relevant Tranche to cash and pay such cash amount to the Purchaser provided that any payment so received by the Purchaser shall be held by the Purchaser on trust for the Company and shall be forwarded and released in full by the Purchaser to the Company on the date of the effective transfer of such Disposal Assets.

The Disposal Consideration was arrived at by mutual agreement between the Company and the Purchaser after arm's length negotiations, on a "willing buyer willing seller" basis, taking into consideration the following factors:

- (a) the preliminary valuation carried out on the Disposal Assets (as described below);
- (b) the listings of one of the Disposal Assets being the Group's land and building at Tuas South Link 3, Plot 24 (the "**Tuas Property**") (which carries an estimated value of S\$6.3 million based on the preliminary valuation conducted by the Valuer using direct comparison method) for sale on two reputable property listing websites in March 2022 at a price of S\$4.0 million with no offer ("**Offer**") received by the Company; and
- (c) the continued losses registered of the Group in FY2018, FY2020 and FY2021. While the Group registered a net profit attributable to shareholders of S\$408,000 for FY2019, the Group's cost-cutting and monitoring measures implemented in FY2019 were not sustainable in the long run.

In connection with the Proposed Disposal, the Company has commissioned the Valuer to perform a valuation on the Disposal Assets. Based on the preliminary valuation conducted by the Valuer on the Disposal Assets, the indicative market value of the Disposal Assets is estimated to be at S\$14,847,945. The Disposal Consideration

therefore represents a 19.18% discount to the preliminary valuation. The discount was applied after arms' length negotiation between the Company and the Purchaser and taking into consideration various factors such as rationale for the Proposed Disposal and the fact that no offer for the Tuas Property was received by the Company. Details of the final independent valuation report or the valuation certificate will be set out in the circular to be despatched to the Shareholders in due course.

5.3.2 Disposal Conditions Precedent

The completion of the Proposed Disposal is conditional upon certain conditions precedent having been satisfied or waived (as the case may be), including:

- (a) all authorisations (whether governmental, corporate or otherwise or from financial institutions or any third parties) which are necessary to be obtained in connection with the Proposed Disposal being granted or obtained, and the same remaining in full force and effect and not being withdrawn or amended on or before the completion of the Proposed Disposal, and to the extent that such authorisations are subject to any conditions required to be fulfilled before the completion of the Proposed Disposal, all such conditions having been duly so fulfilled;
- (b) approval of the board of directors and independent Shareholders of the Company having been obtained for the transactions contemplated pursuant to or in connection with the Proposed Disposal as an interested person transaction under Chapter 9 of the Catalist Rules and a major transaction under Chapter 10 of the Catalist Rules, and approval of the shareholders of the Vendor having been obtained for the change of name of the Vendor to a name which shall not include the words "Pan Asian Holdings";
- (c) an unqualified opinion from the independent financial adviser stating that the terms of the Proposed Disposal, being an interested person transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and minority Shareholders;
- (d) the Covenantor having sold its entire shareholding in the Company and the proceeds from such sale to be made out to the Company in the form of cashier's orders in the manner as set out in the Disposal SPA. This will be applied towards the settlement of the Disposal Consideration; and
- (e) the parties to the Disposal SPA not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the Disposal SPA, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened.

The Company understands from the Covenantor that it has appointed Soochow CSSD Capital Markets (Asia) Pte. Ltd. as the placement agent to procure purchases for the Covenantor's entire shareholding in the Company ("**Placement**") and that the Placement will be carried out on the following terms: (a) no placee will hold directly or indirectly fifteen per cent. (15%) or more of the Shares consequent to the Placement; (b) no new director will be appointed to the Board of the Company pursuant to the

Placement and (c) the proceeds from the Placement will be applied towards the settlement of the Disposal Consideration.

5.3.3 Disposal Longstop Date

If all of the conditions precedent under the Disposal SPA (save for those compliance with which has been waived in accordance with the terms of the Disposal SPA) have not been fulfilled on or before 5.00 p.m. on the date falling four (4) months from the date of the Disposal SPA, the Disposal SPA shall lapse and no party shall have any claim against any other party under it, save as otherwise provided in the Disposal SPA and for any claim arising from antecedent breaches of the Disposal SPA.

5.3.4 Disposal Completion

The Disposal Completion shall take place on the third (3rd) business day after the date on which all of the conditions precedent under the Disposal SPA have been fulfilled or otherwise waived in accordance with the terms of the Disposal SPA.

5.4 Relative Figures Computed on the Bases set out in Rule 1006 of the Catalist Rules

Based on the latest announced consolidated financial statements of the Group (being the audited financial statements for FY2021), the relative figures in relation to the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases of Calculation	Relative Figure (%) ⁽¹⁾
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	100 ⁽²⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	(100) ⁽³⁾
(c)	The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	65.14 ⁽⁴⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	N.A. ⁽⁵⁾
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	N.A. ⁽⁶⁾

Notes:

- (1) The relative figures are computed on the assumption that the Proposed Acquisition has been completed immediately prior to the completion of the Proposed Disposal.
- (2) The net asset value of the Disposal Assets as at 31 December 2021 is S\$14,477,000 based on the Group's latest announced financial statements for FY2021, compared with the Group's net asset value as at 31 December 2021 of S\$14,477,000 based on the Group's latest announced financial statements for FY2021.
- (3) The net losses attributable to the Disposal Assets for the financial year ended 31 December 2021 was S\$474,000 based on the Group's latest announced financial statements for FY2021. The net loss attributable to the Group for the same financial year was S\$474,000 based on the Group's latest announced financial statements for FY2021.
- (4) The Disposal Consideration of S\$12 million for the Disposal Assets, compared with the Company's market capitalisation of approximately S\$18 million. The market capitalisation of the Company is computed based on the issued share capital of the Company of 214,202,036 shares and the volume weighted average price of S\$0.086 per share on 22 April 2022, being the last market day preceding the date of the Disposal SPA on which the Company's shares were last traded. The Company does not have any treasury shares.
- (5) Not applicable as no equity securities have been issued by the Company for the Proposed Disposal.
- (6) Not applicable as the Company is not a mineral, oil and gas company.

5.5 **Classification of the Proposed Disposal under the Chapter 10 of the Catalist Rules**

Under Rule 1014 of the Catalist Rule, if any of the relative figures computed on the bases set out in Rule 1006 exceeds fifty per cent. (50%), the transaction is classified as a major transaction that must be made conditional upon approval by Shareholders in general meeting.

As the relative figures for the Proposed Disposal as computed on the bases set out in Rule 1006(a), Rule 1006(b) and Rule 1006(c) exceed 50%, the Proposed Disposal is classified as a major transaction. In addition, as the relative figures computed on the base set out in Catalist Rule 1006(b) is regarded as a negative figure under the Catalist Rules, Chapter 10 of the Catalist Rules may still be applicable to the Proposed Disposal in accordance with the applicable circumstances in Practice Note 10A of the Catalist Rules. The Company is disclosing information relating to the Proposed Disposal in accordance with the requirements of Catalist Rules 1010, 1011, 1012 and 1013. The Company will convene an EGM to seek the approval of the Shareholders for the Proposed Disposal and a circular containing details thereof will be dispatched to the Shareholders in due course.

5.6 **The Proposed Disposal as an Interested Person Transaction**

5.6.1 The Interested Person

The Purchaser is an associate of Mr. Richard Koh Chye Heng, the Executive Chairman and the controlling Shareholder of the Company and hence, the Purchaser is an "interested person" within the meaning of Chapter 9 of the Catalist Rules. Accordingly, the Proposed Disposal constitutes an "interested person transaction" for the purpose of Chapter 9 of the Catalist Rules.

Pursuant to Rule 906 of the Catalist Rules, an issuer must obtain shareholders' approval for an interested person transaction of a value equal to, or more than, 5% of the group's latest audited net tangible asset value.

The Disposal Consideration represents approximately 80.57% of the Group's latest audited net tangible assets of S\$14,893,000 as at 31 December 2021 ("**FY2021 NTA**"). As the value of the Proposed Disposal exceeds 5.0% of the Group's FY2021 NTA, the Company is required to seek independent Shareholders' approval for the Proposed Disposal as an interested person transaction under Chapter 9 of the Catalist Rules.

6. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTIONS

The pro forma financial effects of the Proposed Transactions have been prepared based on the consolidated audited financial statements of the Group for FY2021, and the following assumptions:

- (a) the pro forma financial effects of the Proposed Transactions on the share capital, net tangible assets ("**NTA**") per share, earnings/(loss) per share and gearing of the Group are set out below and are prepared purely for illustration only and do not reflect the actual future financial situation of the Company or the Group after the completion of the Proposed Transactions;
- (b) for the purposes of computing the effect of the Proposed Transactions on the NTA per share, it is assumed that the Proposed Disposal and the Proposed Acquisition had been completed on 31 December 2021;
- (c) for the purposes of computing the effect of the Proposed Transactions on the earnings/(loss) per share, it is assumed that the Proposed Disposal and the Proposed Acquisition had been completed on 1 January 2021; and
- (d) the total expenses in relation to the Proposed Transactions represents less than 5% of the NTA of the Group and are negligible.

6.1 Share Capital

	Before the Proposed Transactions	After the Proposed Acquisition but before the Proposed Disposal	After the Proposed Transactions
Issued share capital	S\$15,299,820	S\$15,299,820	S\$15,299,820
Number of shares	214,202,036	214,202,036	214,202,036

6.2 NTA

	Before the Proposed Transactions	After the Proposed Acquisition but before the Proposed Disposal	After the Proposed Transactions
NTA	S\$14,893,000	S\$15,828,194	S\$935,194
Number of shares	214,202,036	214,202,036	214,202,036
NTA per share	6.95 cents	7.39 cents	0.44 cents

6.3 Loss per share

	Before the Proposed Transactions	After the Proposed Acquisition but before the Proposed Disposal	After the Proposed Transactions
Net Loss net of tax	S\$(474,000)	S\$(419,286)	S\$(2,838,286) ⁽ⁱ⁾
Loss per share	0.22 cents	0.20 cents	1.33 cents

Note:

- (i) Proforma effects from the Proposed Transactions (assuming a valuation of S\$12.8 million as at 1 January 2021 for the properties held by the Group comprising the Tuas Property, the three units in CT Hub and a freehold property in Malaysia) and taking into consideration the loss on disposal of approximately S\$2.89 million to the Group.

6.4 Gearing

	Before the Proposed Transactions	After the Proposed Acquisition but before the Proposed Disposal	After the Proposed Transactions
Net debt	S\$2,428,000	S\$2,277,734	NA ⁽ⁱ⁾
Shareholders' equity	S\$14,893,000	S\$14,893,000	S\$14,893,000
Net gearing ratio (times)	6.13	6.54	NA ⁽ⁱ⁾

Note:

- (i) The amount of cash and cash equivalent is more than the amount of total borrowings.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and the substantial Shareholders in the share capital of the Company as at the date of this announcement are set out below:

	Direct Interest		Deemed Interest	
	No. of shares	(%)(¹)	No. of shares	(%)(¹)
Director				
Mr. Richard Koh Chye Heng ⁽²⁾	-	-	109,137,500	50.95
Ms. Lim Xiu Fang, Vanessa ⁽³⁾	-	-	56,000,000	26.14
Mr. Thomas Lam Kwong Fai	-	-	-	-
Mr. Wu Yu Liang	-	-	-	-
Mr. Lawrence Chen Tse Chau	-	-	-	-
Substantial Shareholders (other than Directors)				
Xu Jia Zu Holdings Pte. Ltd. ⁽²⁾	109,137,500	50.95	-	-
Lim Wei Zhi Sylvester	56,000,000	26.14	-	-
Mr. Koh Eddie ⁽⁴⁾	-	-	109,137,500	50.95

Notes:

- (1) Computed based on 214,202,036 shares in issue in the Company.
- (2) Mr. Richard Koh Chye Heng is deemed to have an interest in the shares held by Xu Jia Zu Holdings Pte. Ltd. by virtue of his holding more than 20% of the total issued shares in Xu Jia Zu Holdings Pte. Ltd. Mr. Richard Koh Chye Heng is holding 1 golden share in Xu Jia Zu Holdings Pte. Ltd. and by virtue of Xu Jia Zu Holdings Pte. Ltd.'s constitution, he is deemed to have the ability to exercise dominant influence over Xu Jia Zu Holdings Pte. Ltd. as well as the Company.
- (3) Ms Lim Xiu Fang, Vanessa, is deemed to be interested in the shares held by her brother, Lim Wei Zhi Sylvester.

- (4) Mr. Koh Eddie is deemed to have an interest in the shares held by Xu Jia Zu Holdings Pte. Ltd. by virtue of his holding of more than 20% of the total issued shares in Xu Jia Zu Holdings Pte. Ltd.

Save as set out in this announcement, none of the Directors or substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Transactions (other than through their shareholdings (if any) in the Company).

8. INDEPENDENT FINANCIAL ADVISER

The Company has appointed Xandar Capital Pte Ltd as the independent financial adviser (the "IFA") to advise the Directors who are considered independent for the purposes of the Proposed Disposal on whether the Proposed Disposal is on normal commercial terms and is prejudicial to the interests of the Company and its minority Shareholders. The opinion of the IFA will be set out in the circular to be despatched to the Shareholders in due course.

9. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of the Company will be obtaining an opinion from the IFA before forming its view on whether the Proposed Disposal is on normal commercial terms, and is prejudicial to the interests of the Company and its minority shareholders, which will be set out in the circular to be despatched to the Shareholders in due course.

10. DIRECTORS' SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company in connection with the Proposed Transactions and Proposed Diversification. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

11. CIRCULAR AND EGM

A circular containing further details on the Proposed Corporate Actions and enclosing a notice of EGM, the Acquisition Valuation Report, the Disposal Valuation Report and/or the valuation certificates in connection therewith will be despatched to the Shareholders in due course.

12. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Transactions (other than the Target Group), Proposed Diversification and Proposed Change of Name, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

Information relating to the Target Group and the Vendor disclosed herein is based on the information provided by the Target Group and the Vendor. The sole responsibility of the Directors has been to ensure that such information has been accurately reproduced in this announcement.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, copies of the Acquisition SPA and the Disposal SPA will be available for inspection at the registered office of the Company at 2 Kallang Avenue, CT Hub, #05-19, Singapore 339407 during normal business hours for three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Richard Koh Chye Heng
Executive Chairman

28 April 2022

*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.*

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