

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2018

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS FULL YEAR RESULTS

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

STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DEC 2018

	(Unaudited) Year Ended 31-Dec-18 S\$'000	(Audited) Year Ended 31-Dec-17 S\$'000	Increase/ (Decrease) %
Revenue	25,290	23,842	6.1
Cost of sales	(19,048)	(16,491)	15.5
Gross profit	6,242	7,351	(15.1)
Interest income	9	12	(25.0)
Other gains	471	391	NM
Marketing and distribution costs	(3,172)	(3,356)	(5.5)
Administrative expenses	(4,265)	(3,413)	25.0
Finance costs	(153)	(128)	19.5
Other losses	(285)	(306)	(6.9)
Share of profit / (loss) from equity-accounted associate	18	(11)	NM
Share of profit / (loss) from equity-accounted joint ventures	58	(34)	NM
(Loss) / profit before tax	(1,077)	506	NM
Income tax expenses	(150)	(370)	(59.5)
(Loss) / profit net of tax	(1,227)	136	NM
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Loss	66	(372)	(117.7)
- Reclassification to profit or loss arising from disposal of subsidiary	-	(33)	NM
Other comprehensive income/(loss) for the year, net of tax	66	(405)	NM
Total comprehensive loss	(1,161)	(269)	NM
Loss attributable to owners of the parent, net of tax	(1,221)	(11)	NM
(Loss) / profit attributable to non-controlling interests, net of tax	(6)	147	NM
(Loss) / profit net of tax	(1,227)	136	NM
Total comprehensive loss attributable to owners of the parent	(1,155)	(383)	NM
Total comprehensive (loss)/income attributable to non-controlling interests	(6)	114	NM
Total comprehensive loss	(1,161)	(269)	NM

NM - Not Meaningful

Notes to Consolidated Statement of Comprehensive Income	(Unaudited) Year Ended 31-Dec-18 S\$'000	(Audited) Year Ended 31-Dec-17 S\$'000	Increase/ (Decrease) %
<u>Revenue</u>			
Sale of goods	24,977	23,569	6.0
Rental income	-	2	NM
Other income	-	271	NM
Commission income	313	-	NM
	25,290	23,842	6.1
Interest income	9	12	(25.0)
<u>Depreciation expense</u>			
Cost of sales	(140)	(15)	NM
Marketing and distribution costs	(54)	(147)	(63.3)
Administrative expenses	(514)	(414)	24.2
	(708)	(576)	22.9
<u>Other gains</u>			
Gains on disposal of subsidiary, net	1	15	NM
Gains on disposal of joint venture, net	69	-	NM
Gain on disposal of other asset	-	8	(100.0)
Government grant	48	159	(69.8)
Recharge of payroll cost to joint venture	240	-	NM
Sundry income	82	-	NM
Write back of impairment loss on receivables	6	-	NM
Allowance for inventories, net reversal	6	209	(97.1)
Write back of bad debts written off, net	19	-	NM
	471	391	NM
<u>Finance costs</u>			
Interest expense	(153)	(128)	19.5
<u>Other losses</u>			
Bad trade debts written off	(18)	-	NM
Loss on disposal of property, plant and equipment, net	(7)	(32)	(78.1)
Net allowance for impairment on receivables	(99)	(33)	NM
Sundry expense	-	(37)	NM
Inventories written off	(11)	-	NM
Loss of corporate guarantee to former subsidiary	-	(103)	NM
Amortisation of land use rights	(59)	(59)	NM
Foreign exchange adjustment losses	(91)	(42)	NM
	(285)	(306)	NM
NM - Not Meaningful			

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	(Unaudited) Group 31-Dec-2018 S\$'000	Audited Group 31-Dec-17 S\$'000	(Unaudited) Company 31-Dec-2018 S\$'000	Audited Company 31-Dec-17 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	8,945	6,738	2,989	3,275
Investments in subsidiaries	-	-	3,467	3,609
Investments in associate	647	623	-	-
Investments in joint ventures	101	138	-	100
Land use rights	1,184	1,280	-	-
Other assets, non-current	18	18	18	18
Total non-current assets	10,895	8,797	6,474	7,002
Current assets				
Asset held for sale under FRS 105	1,152	1,152	1,038	1,038
Inventories	2,532	2,940	110	300
Trade and other receivables	9,731	7,136	7,373	8,506
Other assets, current	1,106	694	84	81
Income tax recoverable	208	-	-	-
Cash and cash equivalents	2,837	3,853	562	1,793
Total current assets	17,566	15,775	9,167	11,718
Total assets	28,461	24,572	15,641	18,720
EQUITY AND LIABILITIES				
Equity attributable to owner of the parent				
Share capital	15,300	15,300	15,300	15,300
Other reserves	(79)	(134)	-	-
Retained earnings / accumulated losses	178	1,573	(2,127)	732
Equity, attributable to owners of the parent	15,399	16,739	13,173	16,032
Non-controlling interests	(60)	(7)	-	-
Total equity	15,339	16,732	13,173	16,032
Non-current liabilities				
Deferred tax liabilities	53	53	33	33
Other financial liabilities, non-current	2,794	1,846	33	33
Total non-current liabilities	2,847	1,899	66	66
Current liabilities				
Income tax payable	-	139	-	-
Other financial liabilities, current	993	548	-	48
Trade and other payables, current	9,282	5,254	2,402	2,574
Total current liabilities	10,275	5,941	2,402	2,622
Total liabilities	13,122	7,840	2,468	2,688
Total equity and liabilities	28,461	24,572	15,641	18,720

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

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

As at 31-Dec-2018		As at 31-Dec-17	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
993	0	548	0

(B) the amount repayable after one year;

As at 31-Dec-2018		As at 31-Dec-17	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,794	0	1,846	0

(C) whether the amounts are secured or unsecured

The group's bank borrowing, debt securities and finance lease of S\$3,787,000 as at 31 December 2018 (31 December 2017: S\$2,394,000) were secured / covered by

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

(D) details of any collaterals

The obligations under finance lease of S\$176,000 as at 31 December 2018 (31 December 2017: S\$191,000) are secured by a charge over the leased assets and a personal guarantee from a director of the Company.

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

	(Unaudited) Group 31-Dec-18 S\$'000	(Audited) Group 31-Dec-17 S\$'000
Cash flows from operating activities		
(Loss) / profit before tax	(1,077)	506
Adjustments for:		
Amortisation of land use rights	59	59
Depreciation of property, plant and equipment	708	576
Gain on disposal of other asset	-	(8)
Gain on disposal of subsidiary	(1)	(15)
Gain on disposal of joint ventures	(69)	-
Interest income	(9)	(12)
Interest expense	153	128
Loss on disposal of property, plant and equipment, net	7	32
Share of (profit) / loss from equity-accounted associate	(18)	11
Share of (profit) / loss from equity-accounted joint ventures	(58)	34
Operating cash flow before changes in working capital	(305)	1,311
Trade and other receivables	(2,656)	4,646
Other assets	(412)	242
Inventories	408	377
Trade and other payables	4,313	(4,891)
Net cash flows from operations	1,348	1,685
Income taxes paid	(347)	(392)
Net cash flows from operating activities	1,001	1,293
Cash flows from investing activities		
Acquisition of associate	(40)	-
Interest received	9	12
Proceeds from disposal of plant and equipment	9	15
Proceeds from disposal of other asset	-	68
Disposal of subsidiaries (net of cash disposed)	-	739
Purchase of property, plant and equipment	(2,853)	(2,901)
Purchase of property classified as assets held for sale under FRS 105	-	(114)
Net cash flows used in investing activities	(2,875)	(2,181)
Cash flows from financing activities		
Interest paid	(153)	(128)
Repayment of finance lease	(105)	(82)
Increase in borrowings	1,730	2,202
Repayment of bank borrowings	(322)	(1,760)
Net cash flows from financing activities	1,150	232
Net decrease in cash and cash equivalents	(724)	(656)
Effect of exchange rate changes on cash and cash equivalent	(292)	(313)
Cash and cash equivalents, statement of cash flows, beginning balance	3,853	4,822
Cash and cash equivalents, statement of cash flows, ending balance	2,837	3,853
Represented by:		
Cash and cash equivalents	2,837	3,853
Cash and cash equivalents, statement of cash flows, ending balance	2,837	3,853

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

	Share Capital S\$'000	Other Reserves S\$'000	Retained Earnings / (Accumulated losses) S\$'000	Attributable to Parent sub-total S\$'000	Non- Controlling Interests S\$'000	Total Equity S\$'000
GROUP:						
Current year:						
Balance as at 1 January 2018	15,300	(134)	1,573	16,739	(7)	16,732
Movements in equity:						
Total comprehensive (loss) income for the year	-	66	(1,221)	(1,155)	(6)	(1,161)
Disposal of subsidiaries	-	(11)	(174)	(185)	(47)	(232)
Balance as at 31 Dec 2018	15,300	(79)	178	15,399	(60)	15,339
Previous year:						
Balance as at 1 January 2017	15,300	238	1,584	17,122	949	18,071
Movements in equity:						
Total comprehensive (loss) income for the year	-	(372)	(11)	(383)	114	(269)
Disposal of subsidiaries with a change in control	-	-	-	-	(1,070)	(1,070)
Balance as at 31 Dec 2017	15,300	(134)	1,573	16,739	(7)	16,732
COMPANY:						
Current year:						
Balance as at 1 January 2018	15,300	-	732	16,032	-	16,032
Movements in equity:						
Total comprehensive loss for the year	-	-	(2,859)	(2,859)	-	(2,859)
Balance as at 31 Dec 2018	15,300	-	(2,127)	13,173	-	13,173
Previous year:						
Balance as at 1 January 2017	15,300	-	64	15,364	-	15,364
Movements in equity:						
Total comprehensive income for the year	-	-	668	668	-	668
Balance as at 31 Dec 2017	15,300	-	732	16,032	-	16,032

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

There is no change in the Company's share capital from 30 June 2018 to 31 December 2018. The Company's share capital as at 30 June 2018 to 31 December 2018 remained at S\$15,300,000 and comprised 214,202,036 shares.

There were no convertibles, treasury shares or subsidiary holdings outstanding as 31 December 2018 and 31 December 2017.

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

	2018	2017
Balance as at 31 December	214,202,036	214,202,036

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

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

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

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

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

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

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

Not applicable.

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

Save as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial year as compared to the audited financial statements for the financial year ended 31 December 2017.

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

The Group has adopted all the new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2018.

Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS. The adoption of the new and revised FRS and INT FRS did not result in substantial changes to the Group's accounting policies and has no material effect on the financial results reported for the current or prior reporting periods.

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

Earnings per ordinary share attributable to the shareholders of the Company	Group	
	31-Dec-18	31-Dec-17
(i) Based on weighted average number of ordinary share in issue (Singapore cents)	(0.57)	(0.01)
Weighted average number of ordinary shares in issue	214,202,036	214,202,036
(ii) On a fully diluted basis (Singapore cents)	(0.57)	(0.01)
Diluted weighted average number of ordinary shares in issue	214,202,036	214,202,036

Basic and diluted earnings per share were the same as there were no potentially dilutive securities in issue as at 31 December 2018 and 31 December 2017.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current period reported on; and
- (b) immediately preceding financial year

	Group		Company	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Net asset value per ordinary share based on issued share capital (Singapore cents)	7.19	7.81	6.15	7.48

Net asset value per ordinary share is calculated based on 214,202,036 (31 December 2017 : 214,202,036) ordinary shares at the end of the reporting period.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on.

Review of operating result

Revenue

The Group's revenue increased by S\$1.5 million or 6.1% to S\$25.3 million for the financial year end 31 December 2018 ("FY2018") from S\$23.8 million as at 31 December 2017 ("FY2017"). This was mainly attributable to the increase in revenues contribution from China entities (S\$1.3 million), Hong Kong entity (S\$0.9 million), and Europe entity (S\$1.0 million), offset by decrease in revenue contribution from Singapore entities (S\$1.4 million), Vietnam (S\$0.2 million) and other regions (S\$0.1 million)

Gross Profit Margin

Gross Profit decreased by S\$1.1 million to S\$6.2 million in FY2018 from S\$7.3 million in FY2017. This was mainly attributable to absence of premium products sales of higher margin as the sales order had been completed in 2017.

As a result, Gross Profit Margin in FY2018 was lower at 25% compares to 31% in FY2017.

Other gains

Other gains increased by S\$0.1 million to S\$0.5 million in FY2018 from S\$0.4 million in FY2017, mainly attributable to gain in disposal of joint ventures of S\$69,000, recharge of payroll cost to joint venture of S\$0.2 million, offset by absence of reversal of allowance for inventories in FY2018.

Marketing and Distribution Costs

Marketing and distribution costs decreased by S\$0.2 million or 5.5% from approximately S\$3.4 million (FY2017) to approximately S\$3.2 million in FY2018.

This was mainly attributable to lower sales incentive expenses of S\$0.2 million as a result of low operational performance, offset by an increase in payroll of S\$0.1 million.

Administrative Expenses

Administrative expenses increased by S\$0.9 million or 25.0% to S\$4.3 million in FY2018 from S\$3.4 million in FY2017, mainly attributable to increase in salaries expenses of S\$0.5 million in new entity in China, Duvalco valves and Fittings (Wuxi) Co. Ltd, as well as general increases in Hong Kong and Singapore.

Finance costs

Finance costs in FY2018 remained about the same as FY2017, at approximately S\$0.1 million.

Other losses

Other losses in FY2018 remained about the same as FY2017, at approximately S\$0.3 million.

Depreciation and Amortization

Depreciation increased by S\$0.1 million or 22.9% from S\$0.6 million in FY2017 to S\$0.7 in FY2018. This was mainly attributable to the land in Singapore.

Share of (loss)/profit from equity-accounted joint ventures and associates

Share of profits from joint ventures and associates totaled S\$0.08 million in FY2018, an improvement compared to loss of S\$0.04 million in FY2017.

Income Tax Expense

Income tax expense decreased by S\$0.22 million to S\$0.15 million in FY2018 from S\$0.37 million (FY2017). This was in line with overall loss before tax position in FY2018.

(Loss) / profit after Tax

As a result of the above, the Group recorded a loss after tax of S\$1.2 million in FY2018, compared to a profit net of tax of S\$0.1 million in FY2017.

Financial Position

Non-Current Assets

Non-current assets increased by S\$2.1 million from \$8.8 million as at 31 December 2017 to S\$10.9 million as at 31 December 2018. This was mainly attributable to increase in property, plant and equipment of S\$2.2 million, mainly attributable to plant construction in Tuas South in FY2018.

Current Assets

Current assets increased by S\$1.9 million from S\$15.7 million as at 31 December 2017 to S\$17.6 million as at 31 December 2018. The increase was mainly due to the following:

- (1) Increase in trade and other receivables of S\$2.6 million due to longer collection period from two major customers;
- (2) Increase in other assets of \$0.4 million due to deposits paid to suppliers; offset by
- (3) Decrease in inventory of S\$0.4 million due to lower level of general trading transactions;
- (4) Increase in income tax recoverable by S\$0.2 million due to overprovision of profit estimation in a subsidiary for FY2018; and
- (5) Decrease in cash and cash equivalent by S\$0.9 million.

Current Liabilities

Current liabilities increased by S\$4.4 million from S\$5.9 million as at 31 December 2017 to S\$10.3 million as at 31 December 2018. This was mainly due to :

- (1) Increase in trade and other payables by approximately S\$4.0 million, which includes the increase in other payables by approximately \$3.0 million in Singapore for plant construction, rental payment in overseas subsidiary, and orders deposits from customers by S\$1.0 million;
- (2) Increase in other financial liabilities due to accrual amount by S\$0.4 million in sales incentives and retention amount; and
- (3) Decrease in income tax payable by \$0.1 million to nil.

Non Current Liabilities

Non current liabilities increased by S\$0.9 million from S\$1.9 million as at 31 December 2017 to S\$2.8 million as at 31 December 2018, mainly attributable to term loan acquired for construction of new plant and office at Tuas South in FY2018.

Statement of Cash Flow

Overall, the Group recorded a net decrease in cash and cash equivalents of S\$1.0 million, from S\$3.8 million as at 31 December 2017 to S\$2.8 million as at 31 December 2018. This is mainly attributable to the cash flow from operating activities of S\$1.0 million, and cash flow from financing activities of S\$1.1 million, offset by the cash flow used in investing activities of S\$2.9 million.

Operating activities recorded a net cash inflow of S\$1.0 million mainly due to loss before tax of S\$1 million, increase in payment period in trade and other payables of S\$4.3 million, offset by increase in collection period of trade and other receivables of approximately of S\$2.7 million.

Investing activities' net cash outflow of S\$2.9 million was mainly due to construction of plant in Tuas South which resulted in an increase in purchase of property, plant and equipment.

Financing activities recorded a net cash inflow of S\$1.1 million mainly due to net increase in borrowings during the financial year of S\$1.7 million, offset by repayment of bank borrowings, finance lease, and interest of an aggregate of approximately S\$0.6 million.

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

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

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

The Group's order book as at 31 December 2018 is \$12.5 million.

The Group's business in piping and material supply is expected to see an improvement. On top of the recurrent projects, there are mega projects to be executed over several years in Singapore such as the TUAS Water Reclamation Plant (Part of DTSS 2) (project period from 2017 to 2025), Changi Airport Terminal 5 Development, and Tuas Mega Port Development. Our sales team is working hard to ensure that the provision of supplies for some of the works in these mega projects will be successful

The Group's efforts in expanding the sales of its valves to more countries and the marketing of the high-end engineering water solutions are progressing well. Therefore, we believe that these new areas will generate positive contributions to the Group.

The construction of the factory at Tuas South Link is on track to be completed by Q1 2019

11. Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

In view of the Group's loss after tax position, no dividend is declared or recommended for the current financial year reported on.

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

Name of Interested Persons and Details of Transactions	Aggregate value of all interested person transactions during the financial year under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	S\$'000	S\$'000
Payments made by the Group to:-		
(A) Duvalco International		
5% of gross sale of Duvalco Brand of products	35.0	-
(B) Duvalco Wuxi		
The Group purchased valves, accessories and other products from DVW.	204.1	-
Rental of manufacturing equipment by Duvalco Valves & Fittings (Wuxi) Co. Ltd. ("DVFW") from DVW.	137.9 ⁽¹⁾	-
Purchases of raw materials stocks by DVFW from DVW.	358.5	-
Cost reimbursement for employment of DVW staffs by DVFW, in relation to the Set Up as disclosed in the announcement dated 12 April'18.	62.4	-
Rental of manufacturing premises by DVFW from DVW.	228.5 ⁽²⁾	-
Total	1,026.4	-

Notes:

- (1) The Company had entered into a contract with DVW for the rental of manufacturing equipment for a year, commencing 1 April 2018 for S\$160,000. The contract value includes a China's Value Added Tax of 16% ("**VAT**") which was absorbed by DVW in December 2018. The absorption of VAT resulted the net contract value to be S\$137,900.

The contract value of S\$120,000 for the rental of machineries and equipment from Duvalco Wuxi as disclosed in the announcement dated 12 April 2018 was derived from a pro-rata computation of the contract sum of S\$160,000 (including 16% VAT) for the nine-month period from April 2018 to December 2018. The Company wishes to clarify that the entire contract value of S\$137,500 (net of VAT absorbed) should have been disclosed and recognised as the value at risk, instead of S\$120,000 which was computed on a pro-rata basis.

- (2) The Company had on 1 April 2018 entered into an agreement with DVW for the rental of manufacturing premises for a year from the date of the agreement ("**Tenancy Agreement**") and the terms of the Tenancy Agreement was based on a willing-buyer-willing-seller basis and supported by an independent valuation report dated 15 January 2018 by 无锡浩格工业地产质询有限公司 . In view of the foregoing, the Tenancy Agreement falls under the exemption as set out under Catalist Rule 916(1).

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

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

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUCEMENT

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

<u>Business Segments</u>	<u>General Trading</u>		<u>Engineering Solutions</u>		<u>Valves</u>		<u>Others</u>		<u>Unallocated</u>		<u>Consolidated</u>	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Revenue by segment</u>												
External sales	14,263	16,946	5,171	3,010	5,327	3,515	529	371	-	-	25,290	23,842
Result :-												
Segment result	3,164	5,913	833	209	1,737	866	508	363	-	-	6,242	7,351
Interest income							-	-	9	12	9	12
Finance costs							-	-	(153)	(128)	(153)	(128)
Amortisation of land use rights							(59)	(59)	-	-	(59)	(59)
Depreciation of property, plant and equipment							-	-	(708)	(576)	(708)	(576)
Employee benefits expenses							-	-	(4,194)	(4,196)	(4,194)	(4,196)
Unallocated corporate expense							-	-	(2,476)	(1,997)	(2,476)	(1,997)
Other credits (changes), net							-	-	186	144	186	144
Share of profit / (loss) from equity-accounted associate									18	(11)	18	(11)
Share of profit / (loss) from equity-accounted joint ventures							-	-	58	(34)	58	(34)
(Loss) / profit before income tax											(1,077)	506
Income tax expenses											(150)	(370)
Net (loss) / profit after tax											(1,227)	136

<u>Business Segments</u>	<u>General Trading</u>		<u>Engineering Solutions</u>		<u>Valves</u>		<u>Others</u>		<u>Unallocated</u>		<u>Consolidated</u>	
	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000	2018 S\$'000	2017 S\$'000
Other information												
Trade and other receivables	5,360	5,943	1,946	552	1,589	118	836	523	-	-	9,731	7,136
Property, plant and equipment								-	8,945	6,738	8,945	6,738
Cash and cash equivalents								-	2,837	3,853	2,837	3,853
Asset held for sale under FRS 105								-	1,152	1,152	1,152	1,152
Others								-	5,796	5,693	5,796	5,693
Total assets											<u>28,461</u>	<u>24,572</u>
Segment liabilities												
Trade and other payables								-	9,282	5,254	9,282	5,254
Other financial liabilities								-	3,787	2,394	3,787	2,394
Others								-	53	192	53	192
Total liabilities											<u>13,122</u>	<u>7,840</u>
Capital expenditure								-	2,853	3,107	2,853	3,107

Geographical segments

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

	<u>Revenue</u>		<u>Non-current assets</u>	
	<u>2018</u> \$'000	<u>2017</u> \$'000	<u>2018</u> \$'000	<u>2017</u> \$'000
Singapore	8,781	10,173	9,082	6,882
Australia	-	80	-	-
China	3,235	1,904	1,613	1,661
Europe	2,508	1,507	79	197
Hong Kong	10,602	9,725	120	55
Indonesia	-	12	1	1
Japan	164	133	-	-
Vietnam	-	245	-	-
Others	-	63	-	1
Subtotal for all foreign countries	16,509	13,669	1,813	1,915
Total	25,290	23,842	10,895	8,797

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

Please refer to paragraph 8.

Overall increase in revenue of S\$1.5 million was mainly due to increase in revenue of S\$1.3 million in China as a result of new entity's operations; increase in revenue in Europe by S\$1.0 million; and increase in revenue of S\$0.9 million in Hong Kong, offset by decrease in revenue of S\$1.4 million in Singapore due to delay in goods' shipment.

16. A breakdown of sales

<u>S\$'000</u>	<u>Group</u>		<u>Decrease</u>
	<u>31-Dec-18</u>	<u>31-Dec-17</u>	
(a) Sales reported for first half year	9,939	15,657	(36.52%)
(b) Operating profit (loss) after tax before deducting minority interests reported for first half year	(943)	202	NM
(c) Sales reported for second half year	15,351	8,185	83.16
(d) Operating profit (loss) after tax before deducting minority interests reported for second half year	(284)	(66)	NM

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

Not applicable. No dividend had been declared for FY2018 and FY2017

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

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

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

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Kelly Koh Mee Lin	48	(1) Daughter of Richard Koh Chye Heng, Executive Chairman of PAHL. (2) Sister of Koh Eddie, Managing Director cum Chief Executive Officer of PAHL.	Managing Director of Pan Asian Flow Technology Pte Ltd, a wholly-owned subsidiary of the Company, with effect from 1 April 2018. Responsible for sales and marketing of piping, valves, tanks and other associated products.	None

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

BY ORDER OF THE BOARD

Richard Koh Chye Heng
Executive Chairman
1 March 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited ("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 assumes 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, Director, Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and email : sponsorship@ppcf.com.sg).