



PAN ASIAN HOLDINGS LIMITED

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

ANNOUNCEMENT OF INTERESTED PERSON TRANSACTIONS PURSUANT TO RULE 905(2) OF THE CATALIST RULES

1. INTRODUCTION

Pursuant to Rule 905 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**Catalist Rules**”), the board of directors (the “**Board**” or the “**Directors**”) of Pan Asian Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that the aggregate value of all transactions entered with Duvalco Valves Wuxi Co. Ltd (“**Duvalco Wuxi**” or “**DVW**”), an associate of the Executive Chairman of the Company, Mr Richard Koh Chye Heng (“**Richard Koh**”) and Xu Jia Zu Holdings Pte. Ltd., the controlling shareholder of the Company (“**XJZ**”) (collectively, the “**Interested Persons**”) for the financial year ending 31 December 2020 has exceeded 3% of the Group’s latest audited net tangible assets (“**Audited NTA**”).

Save as otherwise disclosed, all exchange rate conversion is based on SGD 1 : RMB 5.0711.

Rule 905(2) of the Catalist Rules provides that if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the Group’s latest audited net tangible assets, the Company must (i) make an immediate announcement of the latest transaction; and (ii) all future transactions entered into with that same interested person during that financial year.

2. DETAILS OF THE INTERESTED PERSON

Duvalco Wuxi

Duvalco Valves (Wuxi) Co. Ltd is wholly-owned by Richard Koh, the Executive Chairman of the Company.

As such, Duvalco Wuxi is considered ‘associate’ of the controlling shareholder and are interested persons under Chapter 9 of the Catalist Rules. Accordingly, all transactions entered into between the Group and Duvalco Wuxi constitutes an “interested person transaction” under Chapter 9 of the Catalist Rules.

Xu Jia Zu Holdings Pte Ltd

Xu Jia Zu Holdings Pte Ltd, is the controlling shareholder of the Company, holding 165,137,500 shares (representing 77.09% direct interest) in the Company’s shares and is incorporated in Singapore. The Directors and shareholders of XJZ are Richard Koh, the Executive Chairman of the Company, and Koh Eddie, Managing Director and Chief Executive Officer of the Company.

Richard Koh is deemed to have an interest in the shares held by XJZ by virtue of his holding more than 20% of XJZ’s total issued shares. Richard Koh is holding onto 1 golden share in XJZ and according to XJZ’s Constitution, he is deemed to have the ability to

exercise dominant influence over XJZ and accordingly in XJZ's capacity as the controlling shareholder, the Company.

Mr Koh Eddie is deemed to have an interest in the shares held by XJZ by virtue of his holding of more than 20% of its total issued shares.

Ms Indriati Khoe, a non-independent and non-executive director of the Company is deemed to have an interest in the shares held by her spouse, Mr Koh Eddie, in XJZ.

As such, XJZ is an interested person defined under Chapter 9 of the Catalist Rules. Accordingly, all transactions entered into between the Group and XJZ constitutes an "interested person transaction" under Chapter 9 of the Catalist Rules.

3. DETAILS OF THE INTERESTED PERSON TRANSACTION

Wuhu Duvalco Valves and Fittings Co. Ltd. ("**Wuhu Duvalco**"), a wholly-owned subsidiary of the Company, has entered into a sale and purchase agreement to purchase inventories consisting of valves and fittings from Duvalco Wuxi ("**Valves SPA**") ("**Valves Acquisition**"). The purchase consideration has been agreed at RMB1,400,270 (equivalent to approximately S\$276,000) ("**Consideration**").

For the current financial year ending 31 December 2020 ("**FY2020**"), the Group has entered into various transactions with interested persons. For the purpose of determining whether the relevant thresholds under Chapter 9 of the Catalist Rules have been triggered, transactions between the Group and interested persons who are members of the same group are deemed to be transactions between the Group and the same interested person.

The Company had made an announcement on 7 July 2020 in respect of the entry into certain rental agreements with XJZ ("**Rental Agreements**"). The total value at risk of the rental agreements were S\$1.2million, representing 7.58% of the latest audited net tangible assets of the Group as at 31 December 2019 of \$15,830,000 (the "**Audited NTA**"). The entry into the Rental Agreements fall under the exception pursuant to Rule 916(1) of the Catalist Rules, where shareholders' approval is not required to be obtained pursuant to Catalist Rule 906. The Rental Agreements will nonetheless, be aggregated with other IPT transactions between interested persons of the same group under Catalist Rule 905(2).

This announcement on the Valves Acquisition is being made as, the aggregate value of all transactions (excluding transactions that are less than S\$100,000) entered into between the Group, Duvalco Wuxi and XJZ is S\$1.47 million representing 9.28% of the Audited NTA, which exceeds the relevant threshold of 3% under Rule 905(2) of the Catalist Rules.

For the avoidance of doubt, the Valves Acquisition constitutes 1.74% of the Audited NTA as such no shareholders' approval in respect of the Valves Acquisition is required pursuant to Catalist Rule 906(1).

The interested person transactions ("**IPTs**") conducted from 1 January 2020 up to date of this announcement are as follows:

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 S\$100,000 and transactions conducted under Shareholders' mandate	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$ 100,000)

		pursuant to Rule 920)	
		S\$'000	S\$'000
(A) XJZ			
Rental Agreements	A	1,200,000	-
(B) Duvalco Wuxi			
The Group purchased valves, accessories and other products.	A	276,000	-
Total		1,476,000	-

A – refer to paragraph 2 for details and nature of relationships between the Company and the Interested Persons.

4. RATIONALE AND BENEFIT FOR THE ENTRY INTO THE IPTs

Duvalco Wuxi had been manufacturing the Group's products for over ten years and is thus familiar with the requirements and specifications, in terms of material quality, workmanship, timeline and other deliverables, demanded by the Group. As such, less time and resources will be spent on unnecessary rectification works for the inventories purchased from Duvalco Wuxi, as it could be ensured that the products acquired are manufactured to the Group's satisfaction and project timelines are adhered to. This purchase will enable Wuhu Duvalco to reduce manufacturing lead time and sell at a higher gross margin in future without the requirement for any rectification works.

The Consideration is arrived at based on the net realizable value of the inventory in accordance with the applicable accounting standards and salability in the market.

The Valves Acquisition entered into by the Group are in its ordinary course of business. The Directors are of the view that it will be beneficial to our Group to be able to transact or continue to transact with the Interested Persons and their associates.

5. AUDIT COMMITTEE'S STATEMENT

The Audit Committee has reviewed the Valves Acquisition. The Audit Committee is of the view that the Valves SPA was entered into on an arm's length basis, on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders. Ms Indriati Khoe as a member of the Audit Committee, has abstained from the opinion made by the AC as she is an Interested Person pursuant to Chapter 9 of the Catalist Rules.

6. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed above and other than through their respective shareholdings in the Company, none of the Directors or substantial Shareholders of the Company has any interest, direct or indirect, in the Valves Acquisition.

BY ORDER OF THE BOARD

Richard Koh Chye Heng
Executive Chairman
4 September 2020

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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