

PAN ASIAN HOLDINGS LIMITED

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

DISPOSAL OF SUBSIDIARY – PVT ENGINEERING SDN BHD

Introduction

The Board of Directors (the “**Board**”) of Pan Asian Holdings Limited (the “**Company**”), and together with its subsidiaries, the “**Group**”), wishes to announce that the Company has on 17 February 2015, entered into a Sales and Purchase Agreement (the “**SPA**”) to dispose (the “**Proposed Disposal**”) of the Company’s entire shareholding interest (the “**Sale Shares**”) in its 60% owned subsidiary, PVT Engineering Sdn Bhd (“**PVT**”) to Messrs Nelson Dass (the “**Purchaser**”), for an aggregate consideration of RM1.6 million (the “**Purchase Price**”). Upon completion of the Proposed Disposal, the Company will cease to have any interests in PVT.

Information on PVT and the Purchaser

The Company acquired the shares in PVT in 2010 from the Purchaser and Messrs Leong Khai Cheong, who are both existing shareholders of PVT. PVT comprises of the company and its subsidiary, GLS Tanks Malaysia Sdn Bhd.

PVT is a company incorporated in Malaysia. Its core business is in trading of engineering products as well as design, supply and installation of pumping plants and storage water tanks for water works application.

As at 31 December 2013, PVT Group recorded a net asset value of approximately S\$327,000 and a loss after tax of S\$535,000.

Rationale for the Proposed Disposal and Use of Proceeds

The Group deems it as a good opportunity to dispose of the underperforming non-core assets.

The proceeds derived from the Proposed Disposal shall be fully utilised as working capital to fund the operational expenses of the core business of the Group.

Principal Terms of the Proposed Disposal

Purchase Price

- (a) The aggregate consideration shall be satisfied wholly in cash and is to be payable in the following manner:
- i. first instalment of 20% of the Purchase Price (RM320,000) upon signing of the SPA;
 - ii. 11 equal monthly instalments of RM107,000 per month; and
 - iii. the final instalment amounting to RM103,000.

- (b) The Purchase Price was arrived at arm's length, on a willing-buyer, willing-seller basis taking into consideration the future business prospects of PVT.

Transfer of shares

The shares will be transferred to the Purchaser in tranches in accordance with the payment received.

Condition Precedents

Pursuant to the terms of the SPA, the Proposed Disposal is conditional upon:

- (a) The Purchaser taking the necessary action to release the Company from the corporate guarantees provided by the Company on behalf of PVT within a period of 12 weeks from execution of the SPA. The Purchaser and Messrs Leong Khai Cheong shall provide a personal Guarantee to the Company in respect of any loss or liability that may be incurred by the Company arising from the said corporate guarantee in the event that the Purchaser fails to release the Company from the said corporate guarantee within the time frame specified above.
- (b) Intercompany balances to be paid by PVT to the Company and the creditors as listed in the SPA shall be fully settled within the seven (7) days from date of the SPA.
- (c) The Purchaser shall ensure that PVT comply with all statutory obligations in relation to the preparation and finalization of the audited financial statements of PVT.

Completion of the Proposed Disposal

The targeted completion date is February 2016.

Financial Effects

The financial effects which have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2013 ("FY2013") are purely for illustrative purposes only and do not reflect the actual financial performance or position of the Group after the completion of the Proposed Disposal.

Loss on Proposed Disposal

Based on the audited consolidated financial statements of the Group as at FY2013, the net tangible assets of PVT was S\$327,000, this excludes the goodwill carried at Group of S\$2,109,000. The loss from the Proposed Disposal would be S\$1,709,000.

Assuming the Proposed Disposal had been completed at the end of FY2013, the estimated financial effects of the Proposed Disposal on the consolidated NTA of the Group for FY2013 are as follows:

Net Tangible Assets ("NTA")

	Before the Proposed Disposal	After the Proposed Disposal
NTA (S\$'000)	19,122	17,413
Number of shares ('000)	214,202	214,202

NTA per share (cents)	8.93	8.13
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Loss per Share

	Before the Proposed Disposal	After the Proposed Disposal
Loss attributable to shareholders (S\$'000)	1,622	3,331
Weighted average number of shares ('000)	213,197	213,197
Loss per share (cents)	0.76	1.56

Relative figures computed on the bases set out in Rule 1006 of the Catalist Rules

The relative figures computed on the bases pursuant to Rule 1006 (a) to (e) of the Catalist Rules based on the Company's latest announced consolidated financial statements as at 30 June 2014 are as follows:

Rule 1006	Bases of calculation	Relative figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the group's net asset value.	10.39
(b)	The net profits attributable to the assets acquired or disposed of compared with the group's net profits.	Not applicable ⁽¹⁾
(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.	7.36
(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.	Not applicable
(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.	Not applicable

(1) There is no profit attributable to the Company since PVT is loss making.

As the relative figures computed on the bases set out in Rules 1006(a) and 1006(c) of the Catalist Rules exceed 5%, the Proposed Disposal constitutes a "discloseable transaction" under Chapter 10 of the Catalist Rules.

Interest of Directors and Controlling Shareholders

Save for their shareholding interests in the Company, none of the Company's Directors, controlling shareholders or any of their respective associates, has any interest, direct or indirect, in the Proposed Disposal.

Directors' Service Contracts

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

Documents for Inspection

A copy of the SPA is available for inspection during the normal business hours at the Company's registered office at 2 Tractor Road, Singapore 627966, for a period of 3 months commencing from the date of this announcement.

The Company would provide further updates as and when appropriate.

BY ORDER OF THE BOARD

Richard Koh Chye Heng

Executive Chairman

17 February 2015

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

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

The contact person for the Sponsor is Mr Thomas Lam, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.