



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

**UNAUDITED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2020**

HALF YEAR UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS HALF-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.

	Half-year ended 30-Jun-20 S\$'000	Half-year ended 30-Jun-19 S\$'000	Increase/ (Decrease) %
Revenue	7,698	12,565	(38.7)
Cost of sales	(5,700)	(8,212)	(30.6)
Gross profit	1,998	4,353	(54.1)
Interest income	12	2	500.0
Other gains	1,257	144	772.9
Marketing and distribution costs	(1,088)	(1,350)	(19.4)
Administrative expenses	(2,523)	(2,179)	15.8
Finance costs	(93)	(111)	(16.2)
Other losses	(924)	(205)	350.7
Share of profit from equity-accounted associate	16	21	NM
Share of profit from equity-accounted joint ventures	(104)	(59)	76.3
(Loss) / profit before tax	(1,449)	616	NM
Income tax expenses	(40)	(192)	(79.2)
(Loss) / profit before tax	(1,489)	424	NM
Other comprehensive (loss) / income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gains / (Losses)	42	(37)	NM
- Reclassification to profit or loss arising from disposal of subsidiary	24	-	NM
Other comprehensive income / (loss) for the year, net of tax	66	(37)	NM
Total comprehensive (loss) / income	(1,423)	387	NM
(Loss) / profit attributable to owners of the parent, net of tax	(1,489)	396	NM
Profit attributable to non-controlling interests, net of tax	-	28	NM
(Loss) / profit before tax	(1,489)	424	NM
Total comprehensive (loss) / income attributable to owners of the parent	(1,423)	359	NM
Total comprehensive income attributable to non-controlling interests	-	28	NM
Total comprehensive (loss) / income	(1,423)	387	NM

NM - Not Meaningful

Notes to Consolidated Statement of Comprehensive Income

	GROUP		Increase/ (Decrease) %
	Half-year ended 30-Jun-20 S\$'000	Half-year ended 30-Jun-19 S\$'000	
<u>Revenue</u>			
Sale of goods	7,665	12,350	(37.9)
Commission income	33	215	NM
	7,698	12,565	(38.7)
Interest income	12	2	500.0
<u>Depreciation expense</u>			
Cost of sales	(12)	(77)	(84.4)
Marketing and distribution costs	(33)	(26)	26.9
Administrative expenses	(316)	(322)	(1.9)
	(361)	(425)	(15.1)
<u>Other gains</u>			
Gains on disposal of subsidiary, net	730	-	NM
Gain on disposal of property, plant and equipment, net	250	48	NM
Foreign exchange adjustment gain	51	-	NM
Government grant	186	22	745.5
Sundry income	40	74	(45.9)
	1,257	144	772.9
<u>Finance costs</u>			
Interest expense	(93)	(111)	(16.2)
<u>Other losses</u>			
Amortisation of land use rights	(14)	(40)	(65.0)
Bad debts written off trade receivables	(157)	(3)	NM
Foreign exchange adjustment losses	-	(128)	NM
Loss on disposal of investment in associate	-	(29)	NM
Inventories written off	(46)	-	NM
Net allowance for impairment on inventories	(107)	-	NM
Net allowance for impairment on other receivables	(599)	-	NM
Sundry expense	(1)	(5)	NM
	(924)	(205)	350.7

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.

	<u>Group</u> <u>30-Jun-20</u> <u>S\$'000</u>	<u>Group</u> <u>31-Dec-19</u> <u>S\$'000</u>	<u>Company</u> <u>30-Jun-20</u> <u>S\$'000</u>	<u>Company</u> <u>31-Dec-19</u> <u>S\$'000</u>
<u>ASSETS</u>				
<u>Non-current assets</u>				
Property, plant and equipment	10,508	9,315	4,093	2,767
Right-of-use assets, non-current	-	96	-	-
Investments in subsidiaries	-	-	2,916	2,916
Investments in associate	215	199	-	-
Investments in joint ventures	60	163	-	-
Other assets, non-current	13	26	18	18
Total non-current assets	10,796	9,799	7,027	5,701
<u>Current assets</u>				
Asset held for sale under SFRS(I) 5	114	2,591	-	2,909
Inventories	1,458	1,791	47	92
Trade and other receivables, current	6,966	6,682	6,274	6,613
Contract assets, current	957	933	-	-
Other assets, current	673	899	43	365
Right-of-use assets, current	57	-	-	-
Cash and cash equivalents	7,107	5,563	1,980	1,412
Total current assets	17,332	18,459	8,344	11,391
Total assets	28,128	28,258	15,371	17,092
<u>EQUITY AND LIABILITIES</u>				
<u>Equity attributable to owner of the parent</u>				
Share capital	15,300	15,300	15,300	15,300
Other reserves	(191)	(233)	-	-
(Accumulated losses) / Retained earnings	(1,088)	763	(1,824)	(1,626)
Equity, attributable to owners of the parent	14,021	15,830	13,476	13,674
Total equity	14,021	15,830	13,476	13,674
<u>Non-current liabilities</u>				
Other financial liabilities, non-current	3,550	3,775	-	-
Total non-current liabilities	3,550	3,775	-	-
<u>Current liabilities</u>				
Liabilities associated with assets held for sale	-	590	-	-
Lease liabilities, current	58	96	-	-
Income tax payable	79	73	-	-
Other financial liabilities, current	666	565	158	-
Contract liabilities, current	2,144	362	-	-
Trade and other payables, current	7,610	6,967	1,737	3,418
Total current liabilities	10,557	8,653	1,895	3,418
Total liabilities	14,107	12,428	1,895	3,418
Total equity and liabilities	28,128	28,258	15,371	17,092



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

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

As at 30-Jun-2020		As at 31-Dec-19	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
666	-	565	-

Amount repayable after one year

As at 30-Jun-2020		As at 31-Dec-19	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
3,550	-	3,775	-

The Group's bank borrowings and debt securities of 30 June 2020 of S\$3,900,000 (31 December 2019 : S\$4,218,000) were secured by:

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

The obligations under finance lease of S\$316,000 as at 30 June 2020 (31 December 2019 : S\$122,000) are secured by a charge over the leased assets and 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.

	Group Half-year ended 30-Jun-20 <u>S\$'000</u>	Group Half-year ended 30-Jun-19 <u>S\$'000</u>
Cash flows from operating activities		
(Loss) / profit before tax	(1,449)	616
Adjustments for:		
Amortisation of land use rights	14	40
Depreciation of property, plant and equipment	361	425
Depreciation of lease	42	-
Interest income	(12)	(2)
Interest expense	93	111
Loss on disposal of associate, net	-	29
Gain on disposal of subsidiaries, net	(730)	-
Gain on disposal of plant and equipment, net	(250)	(48)
Share of profit from equity-accounted associate	(16)	(21)
Share of loss from equity-accounted joint ventures	104	59
Operating cash flow before changes in working capital	<u>(1,843)</u>	<u>1,209</u>
Trade and other receivables	(795)	3,706
Contract assets	(24)	-
Other assets	(681)	(153)
Inventories	333	289
Trade and other payables	1,163	(2,476)
Contract liabilities	1,782	-
Net cash flows from operations	<u>(65)</u>	<u>2,575</u>
Income taxes paid	(34)	(50)
Net cash flows (used in) / generated from operating activities	<u>(99)</u>	<u>2,525</u>
Cash flows used from investing activities		
Disposal of subsidiaries (net of cash disposed)	2,477	-
Interest received	12	2
Proceeds from disposal of plant and equipment	90	48
Purchase of plant and equipment	(126)	(1,193)
Net cash flows generated from / (used in) investing activities	<u>2,453</u>	<u>(1,143)</u>
Cash flows from financing activities		
Finance lease repayment	(31)	(147)
Dividends paid on ordinary shares	(386)	-
Increase in borrowings	-	1,712
Interest paid	(92)	(108)
Repayment of bank borrowings	(316)	(926)
Lease liability - principal portion paid	(43)	(29)
Net cash flows (used in) / generated from financing activities	<u>(868)</u>	<u>502</u>
Net increase in cash and cash equivalents	1,486	1,884
Effect of exchange rate changes on cash and cash equivalent	58	(28)
Cash and cash equivalents, statement of cash flows, beginning balance	<u>5,563</u>	<u>2,837</u>
Cash and cash equivalents, statement of cash flows, ending balance	<u>7,107</u>	<u>4,693</u>

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 period:						
Balance as at 1 January 2020	15,300	(233)	763	15,830	-	15,830
Movements in equity:						
Total comprehensive income / (loss) for the year	-	66	(1,489)	(1,423)	-	(1,423)
Dividends paid	-	-	(386)	(386)	-	(386)
Disposal of subsidiary with a change in a control	-	(24)	24	-	-	-
Balance as at 30 June 2020	15,300	(191)	(1,088)	14,021	-	14,021
Previous year:						
Balance as at 1 January 2019	15,300	(79)	366	15,587	(6)	15,581
Movements in equity:						
Total comprehensive (loss) / income for the year	-	(37)	396	359	28	387
Balance as at 30 June 2019	15,300	(116)	762	15,946	22	15,968
COMPANY:						
Current period:						
Balance as at 1 January 2020	15,300	-	(1,626)	13,674	-	13,674
Movements in equity:						
Total comprehensive Income for the year	-	-	188	188	-	188
Dividends paid	-	-	(386)	(386)	-	(386)
Balance as at 30 June 2020	15,300	-	(1,824)	13,476	-	13,476
Previous year:						
Balance as at 1 January 2019	15,300	-	(2,127)	13,173	-	13,173
Movements in equity:						
Total comprehensive loss for the year	-	-	59	59	-	59
Balance as at 30 June 2019	15,300	-	(2,068)	13,232	-	13,232

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as 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 31 December 2019 up to 30 June 2020. The Company's share capital as at 31 December 2019 and 30 June 2020 remained at S\$15,300,000 and comprised 214,202,036 shares.

There were no convertible securities, treasury shares or subsidiary holdings outstanding as at the end of 30 June 2020 and 30 June 2019.

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

	Number of Shares
As at 31 December 2019 and 30 June 2020	214,202,036

The Company did not have any treasury shares during and as at the end of the respective financial periods reported on.

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. There were no 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 modifications or emphasis of matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

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

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

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

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 paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period as compared to the audited financial statements for the financial year ended 31 December 2019.

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.

During the current financial year, the Group and the Company have adopted the following amendments to SFRS(I)s which took effect from the financial year beginning 1 January 2020:-

- Amendments to References to Conceptual Framework in SFRS(I) Standards;
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 Definition of Material;
- Amendments to SFRS(I) 3 Definition of a Business; and
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform.

The adoption of the above amendments to SFRS(I)s have been assessed to have no material financial effect on the results and financial position of the Group and of the Company for the year ending 31 December 2020. There is also no material impact on the earnings per share of the Group and of the Company.

The Group has adopted the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") 3 – Business Combinations which became effective for the accounting period beginning on or after 1 January 2020. The adoption of the new SFRS(I)s did not result in material adjustments to the financial position, results of operations or cash flows of the Group for the financial period ended 30 June 2020.

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.

	Group	
	30-Jun-20	30-Jun-19
(i) Based on weighted average number of ordinary share in issue (cents)	(0.70) Singapore Cents	0.19 Singapore Cents
Weighted average number of ordinary shares in issue	214,202,036	214,202,036
(ii) On a fully diluted basis (cents)	(0.70) Singapore Cents	0.19 Singapore Cents

Basic and diluted earnings per share were the same as there was no potential dilutive securities in issue as at 30 June 2019 and 30 June 2020

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	
	30 June 2020	31 Dec 2019	30 June 2020	31 Dec 2019
Net Asset value per ordinary share based on issued share capital	6.55 Singapore Cents	7.39 Singapore Cents	6.29 Singapore Cents	6.38 Singapore Cents

Net asset value per ordinary share is calculated based on 214,202,036 (31 December 2019: 214,202,036) ordinary shares at 30 June 2020.

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

(c) 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 results

Revenue

The Group's revenue was \$7.7million as compared to \$12.6million recorded in the first half of FY2019, a decrease of \$4.9million or 38.7%. The COVID-19 pandemic has caused governments in the world to impose lockdown and social distancing measures to curb the spread of COVID-19. This has resulted in delays of deliveries from the Group's suppliers in Asia and Europe in the first half of FY2020 ("1H2020") for the delivery of its current order book, which resulted in a decreased in sales. Notwithstanding the decrease in sales, the Group's order book was not affected in 1H2020.

Gross Profit

Group gross profit was \$1.9million (Gross Profit Margin 25.9%) as compared to \$4.3million (Gross Profit Margin 34.6%) in 1H2020. The decrease in gross profit and gross profit margin is largely attributable to sales of products with lower margin as well as lower sales volume in 1H2020 due to the COVID-19 Pandemic. The COVID-19 Pandemic has also contributed to the increase in selling costs due mainly to increase in freight costs in lieu of decrease in shipments and a decline in commission income (recognized as revenue) from sales.

Other gains

The increase in other gains was mainly contributed by gains on disposal of wholly-owned subsidiary Pan Asian Manufacturing (Tianjin) Co., Ltd as well as plant and equipment. The increase in Government grants were mainly from the Singapore Government as part of the COVID-19 support measures such as the Jobs Support Scheme, which is expected to still be received by the Group in 2H2020.

Marketing and Distribution Costs

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

Administrative Expenses

Administrative expenses increased mainly due to professional fees incurred for closure of overseas subsidiaries' offices and the hosting of the extraordinary general meeting in 1H2020.

Other losses

Other losses increased largely due to recognition of allowance for impairment in inventories and other receivables, as the management expects the inventory to be slow moving and anticipates difficulties in the collection of certain debts during the COVID-19 situation which has adversely affected our customers, as well as an increase in the write-off of bad debts and the writing-off of inventories in 1H2020. The allowance for impairment on other receivables includes an amount owing from the purchaser of DWK Valves (Tianjin) Co. Limited of \$0.6million. The Group has taken action and increased its efforts to collect the outstanding balance from the purchaser of DWK Valves (Tianjin) Co. Limited of \$0.6million in 1H2020. However, due to non-response from the purchaser and no repayment received for more than a year, the Management has assessed the recoverability of the amount due and has decided to record an allowance for impairment.

Other comprehensive income includes reclassification to profit or loss arising from disposal of foreign owned subsidiaries of \$24,000 as at 30 June 2020, there is no comparison for financial period ended 30 June 2019 as there was no disposal of foreign owned subsidiary. This amount arises from a reclassification of Other Reserves (i.e. currency translation differences on consolidation) to Other Comprehensive Income, arising from the disposal of foreign owned subsidiary with a change in control.

Financial Position and Working Capital of the Group

Assets

The total non-current assets as at 30 June 2020 was \$10.8million compared to \$9.8million as at 31 December 2019, an increase of \$1.0million which was due mainly to the reclassification of a leasehold property a leasehold property from Asset held for sale under SFRS(I) 5, which was recorded as current assets, to Property, Plant and Equipment in 1H2020 as the Management has decided not to dispose of the property and to use it as part of its operations.

The current assets as at 30 June 2020 was \$17.3million compared to \$18.5million as at 31 December 2019, a decrease of \$1.2million. The decrease was attributable mainly to a decrease in Asset held for sale under SFRS(I) 5 arising from:- (i) the reclassification as elaborated above, and (ii) the completion of disposal of the Company's wholly-owned subsidiary Pan Asian Manufacturing (Tianjin) Co. Ltd ("PAMTJ") amounting to \$1.4million. Inventories decreased by \$0.3million due to provisions on impairment of slow-moving inventory. Other Assets which comprises of prepayments and deposits was \$0.6million as compared to \$0.9million as at 31 December 2019. The decrease was due to amortization of prepaid costs such as insurance expenses and insurance bond costs purchased for the Group's Project requirements purposes, over the period of 6 months. Right-of-use asset is classified as current assets as at 30 June 2020 as the rental contract has less than 12 months to expiry, as compared to 31 December 2019.

The decrease in current assets was offset by an increase in cash balances of \$1.6million arising mainly from the completion of disposal of its subsidiaries.

Liabilities

Non-current liabilities as at 30 June 2020 was \$3.5million as compared to \$3.8million as at 31 December 2019. The decrease of \$0.3million was due to reclassification of other financial liabilities balances to current-liabilities. Repayment of \$0.2million for current-other financial liabilities resulted in a net increase of \$0.1million.

Current liabilities as at 30 June 2020 was \$10.5million as compared to \$8.6million as at 31 December 2019. The increase of \$1.8million due an increase in contract liabilities arising from project accounting recognised from long-term projects where payments have been received prior to the completion of deliveries and an increase in trade and other payables of \$0.6million due to inventories received from suppliers in May and June 2020 period but not due for payment as at 30 June 2020.

This increase is offset by a decrease in liabilities associated with assets held for sale of \$0.6million due to the disposal of PAMTJ.

Statement of Cash Flows

For 1H2020, net cash used in operating activities amounted to \$0.1million, arising from loss for the period after changes in working capital and non-cash adjustments due to cash flows used in trade receivables and other assets of \$0.8million and \$0.7million respectively. This is partially offset by cash flows from trade and other payables and contract liabilities of \$1.2million and \$1.8million respectively.

Net cash from investment activities was due mainly from cash proceeds on disposal of subsidiaries of \$2.4million.

Net cash used in financing activities was due mainly to repayment of bank loans and dividends of \$0.3million and \$0.4million respectively.

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

The current results are in line with the Company's discussion presented in Note 10 of the unaudited FY2019 financial results announcement dated 28 February 2020, impact of COVID-19 announcement dated 8 April 2020 and profit guidance announcement dated 7 August 2020.

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 30 June 2020 stands at \$45.1million, an increase compared to \$36million as at 31 December 2019 to be realised over a period of between 6months to 5 years.

The ongoing Covid-19 pandemic has brought an unprecedented amount of uncertainty on the global economy and caused widespread global disruptions. These uncertainties have impacted the Group's operations and it will have an impact on the Group's productivity and financial performance for the current financial year ending 31 December 2020. The Group expects delays to continue from suppliers in Asia and Europe (collectively, the "Suppliers") to deliver the current order book and customer's notification to defer deliveries. The Group continues to be in close discussion with its suppliers and customers to re-schedule deliveries to minimize any trade disruptions for the current financial year. To date, the Group does not foresee any issues on fulfilling its contractual obligations and does not expect any material impact to the Group. The Group and its Subsidiaries have complied to all COVID-19 measures put in place by the respective country's Government to Curb the spread of the COVID virus.

The travel restrictions imposed by countries that the Group has an operational presence in due to COVID-19 is also expected to continue to hinder sales and marketing activities in Asia and in particular, China, which may result in lower sales.

In Singapore, the Government has implemented various stimulus packages to support the economy and in particular, the Small and Medium Enterprises. The Group has successfully applied for Government loans of approximately S\$5 million to ease its operational cash flows and as at the date of this announcement, there is no drawdown of the loan. The Group has also received other forms of Government support in Singapore such as Jobs Support Scheme where the Group will receive payouts from April 2020 to August 2020. The Group has sufficient cash balances for its current working capital and to meet its debt covenants and to service its debt obligations.

The Group has relocated its manufacturing plant from Wuxi to Anhui in China and is in the process of closing down its subsidiaries in Shanghai and Wuxi to consolidate resources and efforts in Anhui.

Following the receipt of shareholders' approval for the diversification of its core business to include the Food and Beverage Business, the Group remains cautious on its expansion plans in this new business and will exercise discipline to manage costs to conserve its resources in anticipation of the COVID-19 pandemic prolonging. The Group continues to monitor closely the impact of the outbreak of the COVID-19 and will align its business activities and adapt its operations accordingly.

11. Dividend

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

No dividend has been recommended or declared for 1H 2020.

(b) Interim or Final dividend per share

Not applicable

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

Not applicable.

(d) Date the dividend is payable

Not applicable.

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

Not applicable.

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

No dividend is declared or recommended for the current financial period reported on as the Company has decided that it is prudent to conserve cash in view of orders on hand which will require sufficient operating cash flow.

13. Interested Party Transactions

There was no interested party transaction that is S\$100,000 and above entered into by the Group between 1 January 2020 up to 30 June 2020.

The Company does not have an existing interested person transaction general mandate pursuant to Rule 920 of the Catalist Rules.

14. Confirmation Pursuant to 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.

15. Negative Confirmation by the Board pursuant to Rule 705(5) of Catalist Rules

Pursuant to Rule 705(5) of Catalist Rules, the Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited consolidated financial results of the Company and the Group for the half-year ended 30 June 2020 to be false or misleading.

16. Disclosures on Incorporation, Acquisition and Realisation of Shares pursuant to Catalist Rule 706A

The acquisitions and disposal of subsidiaries during 1H2020 is set out in the table below.

S/N	Entity	Country of incorporation	Percentage of interest held	Held by	Paid up Share capital - Singapore Dollars	Details of Transaction	Date of announcement
1	Wuhu Duvalco Valves and Fittings Co. Ltd.	China	100%	Wholly owned subsidiary of Pan Asian Holdings Limited	- *	Incorporation	NA
2	Wuhu Muhr Manufacturing Co. Ltd.	China	50%	Wholly owned subsidiary of Muhr Asia Pte Ltd (A 50% Joint-venture Company Owned by Pan Asian Flow Technology)	- *	Incorporation	NA
3	Pan Asian Flow Technology Sdn. Bhd.	Malaysia	100%	Wholly owned subsidiary of Pan Asian Flow Technology Pte Ltd	1	Incorporation	NA
4	W.D. Moore (2013) Pty Ltd	Australia	100%	Wholly owned subsidiary of Pan Asian Holdings Limited	394,000	Winding up	22-Jan-20
5	Pan Asian Manufacturing (Tianjin) Co. Ltd	China	100%	Wholly owned subsidiary of Pan Asian Holdings Limited	4,500,000	Disposal	18-Jun-20

* Paid up share capital is nil as the respective parent company have not paid up any share capital for the subsidiaries as at 30 June 2020.



On behalf of the Board

Richard Koh Chye Heng
Executive Chairman

Koh Eddie
Managing Director cum Chief Executive Officer

BY ORDER OF THE BOARD

Richard Koh Chye Heng
Executive Chairman
14 August 2020

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") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

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

The contact person for the Sponsor is Ms Jennifer Tan, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).