

**PAN ASIAN HOLDINGS LIMITED**

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

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**AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

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**Reclassifications and adjustments to the Unaudited Financial Statements for the Financial Year Ended 31 December 2015**

The Board of Directors of Pan Asian Holdings Limited (the "Company") refers to the unaudited full year results announcement for the financial year ended 31 December 2015 released by the Company on 29 February 2016 (the "Full Year Results Announcements").

Pursuant to Rule 704(5) of the Catalist Rules, the Board wishes to highlight certain reclassifications and adjustments to the unaudited figures in the Full Year Results Announcements, following the finalization of the audit.

The clarification of the aforesaid reclassifications and adjustments is set out in the Appendix 1 of this announcement.

The reclassifications and adjustments resulted in a decrease of profit before taxation from S\$0.7 million to S\$0.6 million for the financial year ended 31 December 2015.

**Emphasis of Matter by Auditors on Financial Statements**

Pursuant to Rule 704(4) of the Catalist Rules, the Board of Directors (the "Board") of Pan Asian Holdings Limited (the "Company") wishes to announce that the independent external auditors of the Company, RSM Chio Lim LLP (the "Auditors"), have in their Independent Auditors' report dated 6 April 2016 ("Independent Auditors' Report"), included an emphasis of matter on the financial statements of the Group for the financial year ended 31 December 2015 ("FY2015"). The opinion of the Auditors, however, remained unqualified.

A copy of the Independent Auditors' Report together with the extract of the relevant note to the Financial Statements are set out in the Appendix 2 of this announcement.

Shareholders of the Company are advised to read the financial statements of the Group for FY2015, which will be despatched to Shareholders in due course.

BY ORDER OF THE BOARD

Richard Koh Chye Heng  
Executive Chairman  
6 April 2016

*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 (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Letter.*

*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 Letter.*

*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*

## Appendix 1

### Consolidated income statement and statement of comprehensive income

	Group		Variance	Notes
	Audited FY2015 S\$'000	Unaudited FY2015 S\$'000		
<b>Revenue</b>	44,744	44,744	-	
Cost of Sales	(34,786)	(34,587)	(199)	<b>B</b>
<b>Gross Profit</b>	<u>9,958</u>	<u>10,157</u>		
	22%	23%		
Other gains	5,521	5,521	-	
Marketing and Distribution Costs	(4,769)	(4,769)	-	
Administrative Expenses	(4,475)	(4,475)	-	
Finance Costs	(257)	(257)	-	
Other losses	(5,505)	(5,553)	48	<b>A</b>
Share of profit from equity-accounted joint ventures	98	98	-	
<b>Profit (loss) before tax</b>	<u>571</u>	<u>722</u>		
Income tax credit (expense)	6	6	-	
<b>Profit (loss) net of tax</b>	<u><u>577</u></u>	<u><u>728</u></u>		
<b><u>Other comprehensive income (loss):</u></b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Currency translation differences arising from consolidation				
- Gains	255	255	-	
- Reclassification to profit or loss arising from disposal of subsidiaries	31	31	-	
<b>Other comprehensive income for the year, net of tax</b>	<u>286</u>	<u>286</u>		
<b>Total comprehensive income (loss)</b>	<u><u>863</u></u>	<u><u>1,014</u></u>		
Profit (loss) attributable owners of the parent, net of tax	656	807	(151)	<b>A+B</b>
Loss attributable to non-controlling interests, net of tax	(79)	(79)	-	
<b>Profit (loss) net of tax</b>	<u>577</u>	<u>728</u>		
			-	
Total comprehensive income (loss) attributable to owners of the parent	928	1,079	(151)	<b>A+B</b>
Total comprehensive loss attributable to non-controlling interests	(65)	(65)	-	
<b>Total comprehensive income (loss)</b>	<u><u>863</u></u>	<u><u>1,014</u></u>		

### Notes:

A. The variance was due to audit adjustments made pursuant to the conclusion of certain arbitration proceedings post 31 December 2015.

B. The variance was due to adjustments made pursuant to the finalisation of the purchases which were made in accordance with the requirements of the IPT mandate.

	<u>Group</u>		Variance	Note	<u>Company</u>		Variance	Note
	Audited	Unaudited			Audited	Unaudited		
	FY2015	FY2015			FY2015	FY2015		
	<u>S\$'000</u>	<u>S\$'000</u>			<u>S\$'000</u>	<u>S\$'000</u>		
<b>ASSETS</b>								
<b>Non-Current Assets</b>								
Property, plant and equipment	6,353	6,353	-		4,728	4,728	-	
Investments in subsidiaries	-	-	-		6,054	6,054	-	
Investments in joint ventures	340	340	-		105	105	-	
Other financial assets, non-current	-	-	-		-	-	-	
Intangible assets	-	-	-		-	-	-	
Land use rights	1,471	1,471	-		-	-	-	
Other assets, non-current	78	78	-		78	78	-	
Deferred tax assets	151	150	1	B	-	-	-	
<b>Total Non-Current Assets</b>	<b>8,393</b>	<b>8,392</b>			<b>10,965</b>	<b>10,965</b>		
<b>Current Assets</b>								
Asset held for sale under FRS 105	120	120	-		120	120	-	
Inventories	4,979	4,979	-		1,522	1,522	-	
Trade and other receivables	15,836	15,836	-		12,534	12,534	-	
Other assets, current	1,865	1,817	48	A	228	228	-	
Cash and cash equivalents	4,309	4,309	-		2,377	2,377	-	
<b>Total Current Assets</b>	<b>27,109</b>	<b>27,061</b>			<b>16,781</b>	<b>16,781</b>		
<b>Total Assets</b>	<b>35,502</b>	<b>35,453</b>			<b>27,746</b>	<b>27,746</b>		
<b>EQUITY AND LIABILITIES</b>								
<b>Equity attributable to owner of the parent</b>								
Share Capital	15,300	15,300	-		15,300	15,300	-	
Other Reserves, Total	340	340	-		-	-	-	
Retained Earnings	2,371	2,522	(151)	A+B	2,505	2,703	(198)	B
<b>Equity, Attributable to Owners of the Parent, Total</b>	<b>18,011</b>	<b>18,162</b>			<b>17,805</b>	<b>18,003</b>		
Non-Controlling Interests	941	941	-		-	-	-	
<b>Total Equity</b>	<b>18,952</b>	<b>19,103</b>			<b>17,805</b>	<b>18,003</b>		
<b>Non-Current Liabilities</b>								
Deferred Tax Liabilities	81	80	1	C	81	81	-	
Other financial liabilities, non-current	145	145	-		145	145	-	
<b>Total Non-Current Liabilities</b>	<b>226</b>	<b>225</b>			<b>226</b>	<b>226</b>		
<b>Current Liabilities</b>								
Income Tax Payable	222	222	-		-	-	-	
Other financial liabilities, current	1,832	1,755	77	C	1,184	1,107	77	C
Finance leases, current	-	77	(77)	C	-	77	(77)	C
Trade and Other Payables	14,270	14,071	199	B	8,531	8,333	198	B
<b>Total Current Liabilities</b>	<b>16,324</b>	<b>16,125</b>			<b>9,715</b>	<b>9,517</b>		
<b>Total Liabilities</b>	<b>16,550</b>	<b>16,350</b>			<b>9,941</b>	<b>9,743</b>		
<b>Total Equity and Liabilities</b>	<b>35,502</b>	<b>35,453</b>			<b>27,746</b>	<b>27,746</b>		

**Notes:**

A. The variance was due to audit adjustments made pursuant to the conclusion of certain arbitration proceedings post 31 December 2015.

B. The variance was due to adjustments made pursuant to the finalisation of the purchases which were made in accordance with the requirements of the IPT mandate.

C. The reclassifications were due to audit reclassifications to better reflect the nature of the transactions.

	<b>Group</b>		
	<b>Audited FY2015 S\$'000</b>	<b>Unaudited FY2015 S\$'000</b>	<b>Variance</b>
<b>Cash flows from operating activities</b>			
Profit before tax	571	722	(151)
Adjustments for:			
Amortisation of land use rights	63	63	-
Depreciation of property, plant and equipment	667	667	-
Impairment loss on goodwill	347	347	-
Impairment loss on land use rights	1,300	1,300	-
Impairment of property, plant and equipment, net	348	348	-
Interest income	-	-	-
Interest expense	257	257	-
Gains on disposal of subsidiaries, net	(430)	(430)	-
Gains on disposal of property, plant and equipment, net	(5,043)	(5,043)	-
Share of profit from equity-accounted joint ventures	(98)	(98)	-
Operating cash flow before changes in working capital	(2,018)	(1,867)	
Trade and other receivables	(4,303)	(4,303)	-
Other assets	757	805	(48)
Inventories	1,827	1,827	-
Trade and other payables	6,552	4,523	2,029
Net cash flows from operations	2,815	985	
Income taxes paid	(234)	(234)	-
<b>Net cash flows from operating activities</b>	<b>2,581</b>	<b>751</b>	
<b>Cash flows from investing activities</b>			
Acquisition of non-controlling interest of subsidiary	(65)	(65)	-
Disposal of subsidiaries (net of cash disposed)	1,109	1,242	(133)
Proceeds from disposal of plant and equipment	8,027	8,027	-
Purchase of property, plant and equipment	(4,456)	(2,626)	(1,830)
<b>Net cash flows from investing activities</b>	<b>4,615</b>	<b>6,578</b>	
<b>Cash flows from financing activities</b>			
Finance lease repayment	(83)	(83)	-
Interest paid	(257)	(257)	-
Repayment of bank borrowings	(4,646)	(4,779)	133
<b>Net cash flows used in financing activities</b>	<b>(4,986)</b>	<b>(5,119)</b>	
<b>Net increase in cash and cash equivalents</b>	<b>2,210</b>	<b>2,210</b>	
Effect of exchange rate changes on cash and cash equivalent	318	318	-
Cash and cash equivalents, statement of cash flows, beginning balance	1,781	1,781	
<b>Cash and cash equivalents, statement of cash flows, ending balance</b>	<b>4,309</b>	<b>4,309</b>	

**Notes:**

As a result of the change to the consolidated statement of financial position, consolidated income statement and change in presentation format, correspondent changes has been made to the consolidated statement of cash flows; and it should be read in conjunction with the audited consolidated statement of financial position and audited consolidated income statement

## **Appendix 2**

### **Independent Auditor's Report to the Members of PAN ASIAN HOLDINGS LIMITED (Registration No: 197902790N)**

#### **Report on the financial statements**

We have audited the accompanying financial statements of Pan Asian Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Independent Auditor's Report to the Members of  
PAN ASIAN HOLDINGS LIMITED (Registration No: 197902790N)**

**Opinion**

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

**Emphasis of matter**

We draw attention to Note 30 to the financial statements which describe the uncertainties related to the Group's Land Use Rights ("LURs") in Tianjin Ecocity, People's Republic of China. The carrying amount represents management's realistic estimated realisable value determined by the management on the basis that the Group can withdraw subsequently from the agreement through the transfer of the LURs to a third party approved by the relevant authority (Note 17). Future outcome is uncertain and adjustments may be required in the future to increase or reduce the carrying value. Our opinion is not qualified in respect to this matter.

**Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

RSM Chio Lim LLP  
Public Accountants and  
Chartered Accountants  
Singapore

6 April 2016

Partner in charge of audit: Teo Cheow Tong  
Effective from year ended 31 December 2015