

CIRCULAR DATED 20 MAY 2022

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER(S) IMMEDIATELY.

If you have sold or transferred all your shares in the capital of Pan Asian Holdings Limited (the "**Company**"), you should immediately inform the purchaser or transferee or bank, stockbroker or agent through whom the sale or transfer was effected for onward notification to the purchaser or transferee, that this Circular (together with the Notice of Extraordinary General Meeting ("**EGM**") and the accompanying Proxy Form and Questions Form) may be assessed on SGXNet and the Company's website at the URL: <http://www.panasian.com.sg/investors-media-menu/announcements>.

A printed copy of this Circular, Notice of EGM, Proxy Form, and Questions Form will NOT be despatched to Shareholders. The EGM will be held by way of electronic means. Accordingly, Shareholders will not be able to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by way of (a) watching the EGM proceedings via "live" webcast or listening to the EGM proceedings via "live" audio feed, (b) submitting questions in advance of the VIS and EGM, (c) having their questions addressed at the VIS to be held prior to the closing date and time for the lodgement of the proxy forms prior to the EGM; and/or (d) voting by proxy at the EGM.

Please refer to Section 11 of this Circular and the Notice of Extraordinary General Meeting for further information, including the steps to be taken by Shareholders to participate at the EGM.

Shareholders should note that the Company may make further changes to its EGM arrangements (including but not limited to any applicable alternative arrangements as may be prescribed or permitted (as the case may be) under the COVID-19 Act and any regulations promulgated thereunder (including the COVID-19 Order) as well as other guidelines issued by the relevant authorities) as the situation evolves. Shareholders are advised to keep abreast of any such changes as may be announced by the Company from time to time on SGXNet.

*This Circular 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.*

The contact person for the Sponsor is Ms. Foo Jien Jieng, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

PAN ASIAN HOLDINGS LIMITED

(Company Registration Number 197902790N)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

- (I) THE PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS TO INCLUDE THE DESIGN AND BUILD BUSINESS;
- (II) THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP CAPITAL OF SEVENS CREATION PTE. LTD.;
- (III) THE PROPOSED DISPOSAL OF THE DISPOSAL ASSETS AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE CATALIST RULES AND A MAJOR TRANSACTION UNDER CHAPTER 10 OF THE CATALIST RULES; AND
- (IV) THE PROPOSED CHANGE OF NAME OF THE COMPANY TO "SEVENS ATELIER LIMITED".

Independent Financial Adviser in relation to the Proposed Disposal

Xandar Capital Pte. Ltd.

(Company Registration Number 200002789M)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

Last date and time to submit questions for the VIS	:	31 May 2022 at 10 a.m.
Last date and time to pre-register online to attend the VIS	:	2 June 2022 at 10 a.m.
Date and time of the VIS	:	6 June 2022 at 10 a.m.
Last date and time to submit questions for the EGM	:	8 June 2022 at 10 a.m.
Last date and time to pre-register online to attend the EGM	:	11 June 2022 at 10 a.m.
Last date and time for lodgement of Proxy Form	:	11 June 2022 at 10 a.m.
Date and time of EGM	:	14 June 2022 at 10 a.m.
Place of Extraordinary General Meeting	:	The EGM will be held by way of electronic means.

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires:

"Acquisition Completion"	: The completion of the Acquisition SPA
"Acquisition Conditions"	: Has the meaning ascribed to it in section 4.4.4 of this Circular
"Acquisition SPA"	: The conditional sale and purchase agreement dated 28 April 2022 entered into between the Company and the Vendor in respect of the Proposed Acquisition
"Acquisition Valuation Report"	: The valuation report dated 18 May 2022 and issued by the Independent Valuer in relation to the valuation of the Target Group, as set out in Appendix A to this Circular
"Act" or "Companies Act"	: Companies Act 1967 of Singapore (as amended, varied or supplemented from time to time)
"Acquisition Consideration"	: Has the meaning ascribed to it in section 4.4.2 of this Circular
"Aggregated IPTs"	: Has the meaning ascribed to it in section 5.7.2 of this Circular
"Announcement"	: The announcement of the Company dated 28 April 2022 in relation to the Proposed Transactions
"Associate"	<ul style="list-style-type: none">(a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:<ul style="list-style-type: none">(i) his immediate family;(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more; and(b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more
"Audit Committee"	: The audit committee of the Company for the time being
"Board" or "Board of Directors"	: The board of directors of the Company for the time being
"Business Day"	: A day (excluding Saturdays, Sundays and gazetted public holidays) on which banks are open for business in Singapore;
"Catalist Rules"	: The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time

DEFINITIONS

"CDP"	: The Central Depository (Pte) Limited
"Circular"	: This circular to Shareholders dated 20 May 2022
"Company"	: Pan Asian Holdings Limited
"Company Shareholdings"	: Has the meaning ascribed to it in section 13.1(b) of this Circular
"Controlling Shareholder"	: A person who: (a) holds directly or indirectly fifteen per cent. (15%) or more of all voting shares in the Company, unless determined by SGX-ST that such person is not a controlling shareholder; or (b) in fact exercises control over the Company
"Covenantor"	: Xu Jia Zu Holdings Pte Ltd
"COVID-19 Act"	: The COVID-19 (Temporary Measures) Act 2020, as amended, modified or supplemented from time to time, which, <i>inter alia</i> , enables the Minister for Law by order to prescribe alternative arrangements for listed companies in Singapore to conduct general meetings, either wholly or partly, by electronic communication, video conferencing, teleconferencing or other electronic means
"COVID-19 Order"	: The COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, as amended, modified or supplemented from time to time, which sets out the alternative arrangements in respect of, <i>inter alia</i> , general meetings of companies
"Design and Build Business"	: Has the meaning ascribed to it in section 3.2 of this Circular
"Director"	: A director of the Company for the time being
"Disposal Assets"	: Has the meaning ascribed to it in section 5.1 of this Circular
"Disposal Completion"	: The completion of the Proposed Disposal
"Disposal Completion Date"	: Has the meaning ascribed to it in section 5.4.2 of this Circular
"Disposal Conditions"	: Has the meaning ascribed to it in section 5.4.4 of this Circular
"Disposal Consideration"	: Has the meaning ascribed to it in section 5.4.2 of this Circular
"Disposal Group"	: Has the meaning ascribed to it in section 5.1 of this Circular
"Disposal Shares"	: Has the meaning ascribed to it in section 5.1 of this Circular
"Disposal SPA"	: The conditional sale and purchase agreement dated 28 April 2022 entered into by the Company, the Purchaser and the Covenantor in respect of the Proposed Disposal

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"Disposal Subsidiaries"	:	Has the meaning ascribed to it in section 5.1 of this Circular
"Disposal Valuation Report"	:	The valuation report dated 18 May 2022 and issued by the Independent Valuer in relation to the valuation of the Disposal Assets, as set out in Appendix B to this Circular
"EGM"	:	The extraordinary general meeting of the Company, to be convened and held on 14 June 2022
"Equipment Rental"	:	Has the meaning ascribed to it in section 5.7.2 of this Circular
"Existing Businesses"	:	Has the meaning ascribed to it in section 4.21 of this Circular
"Fifth Tranche"	:	Has the meaning ascribed to it in section 5.4.2 of this Circular
"First Tranche"	:	Has the meaning ascribed to it in section 5.4.2 of this Circular
"Fourth Tranche"	:	Has the meaning ascribed to it in section 5.4.2 of this Circular
"FY"	:	Financial year ended or ending 31 December
"FY2021 NTA"	:	Has the meaning ascribed to it in section 5.7.2 of this Circular
"Group"	:	The Company and its Subsidiaries, collectively, for the time being
"Independent Directors"	:	Directors who are regarded as independent for the purposes of making a recommendation on the Proposed Disposal, being Mr. Thomas Lam Kwong Fai, Mr. Wu Yu Liang, Mr. Lawrence Chen Tse Chau and Ms. Lim Xiu Fang, Vanessa
"Independent Valuer"	:	Has the meaning ascribed to it in section 4.4.3 of this Circular
"IFA"	:	Xandar Capital Pte. Ltd., the independent financial adviser to the Independent Directors in relation to the Proposed Disposal
"IFA Letter"	:	The letter dated 20 May 2022 from the IFA to the Independent Directors in relation to the Proposed Disposal as set out in Appendix C to this Circular
"Investors"	:	Has the meaning ascribed to it in section 13.1(a) of this Circular
"Latest Practicable Date"	:	13 May 2022, being the latest practicable date prior to the issuance of this Circular
"Loan Notes"	:	Has the meaning ascribed to it in section 4.4.2 of this Circular
"NTA"	:	Net tangible assets
"Notice of EGM"	:	The notice of EGM (or any adjournment thereof) which is set out on pages N-1 to N-4 of this Circular
"Other Assets"	:	Has the meaning ascribed to it in section 5.1 of this Circular
"Proposed Acquisition"	:	The proposed acquisition by the Company of the Target

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	Shares, details of which are set out in section 4 of this Circular
"Proposed Change of Name"	: The proposed change of name of the Company to "Sevens Atelier Limited", details of which are set out in section 6 of this Circular
"Proposed Disposal"	: The proposed disposal by the Company of the Disposal Assets, details of which are set out in section 5 of this Circular
"Proposed Diversification of Business"	: The proposed diversification of the Company's business to include the Design and Build Business, details of which are set out in section 3 of this Circular
"Proposed Transactions"	Collectively, (i) the Proposed Diversification of Business; (ii) the Proposed Acquisition; (iii) the Proposed Disposal; and (iv) the Proposed Change of Name
"Purchaser"	: Incarich Pte. Ltd.
"Register of Members"	: Register of members of the Company
"Registration Deadline"	: Has the meaning ascribed to it in section 13.1(a) of this Circular
"Relevant Tranche"	: Has the meaning ascribed to it in section 5.4.2 of this Circular
"Second Tranche"	: Has the meaning ascribed to it in section 5.4.2 of this Circular
"SFA" or "Securities and Futures Act"	: Securities and Futures Act 2001 of Singapore (as amended, varied or supplemented from time to time)
"SGX-ST"	: Singapore Exchange Securities Trading Limited
"SGXNet"	: The SGXNET Corporate Announcement System, being a system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
"Shares"	: Ordinary shares in the capital of the Company, and each a "Share"
"Share Registrar"	: B.A.C.S. Private Limited, the share registrar of the Company
"Shareholders"	: Registered holders of Shares in the Register of Members, or where the registered holder is the CDP, the term "Shareholders" shall, in relation to such Shares and where the context admits, mean the persons named as Depositors in the Depository Register maintained by the CDP whose Securities Accounts are credited with those Shares
"Substantial Shareholder"	: A person who has an interest in the Shares, the total votes attached to which are not less than five per cent. (5%) of the total votes attached to all the voting shares of the Company
"Target"	: Sevens Creation Pte. Ltd.
"Target Group"	: The Target and its wholly-owned subsidiaries, namely, Sevens Build Pte. Ltd. and Sevens Design Pte. Ltd.

DEFINITIONS

"Target Shares"	: Has the meaning ascribed to it in section 4.4.2 of this Circular
"Third Tranche"	: Has the meaning ascribed to it in section 5.4.2 of this Circular
"Tranche" or "Tranches"	: Has the meaning ascribed to it in section 5.4.2 of this Circular
"Tuas Property"	: Has the meaning ascribed to it in section 5.4.2 of this Circular
"Vendor"	: Cheng Lye Meng Eric
"VIS"	: Has the meaning ascribed to it in section 10.2 of this Circular
"VIS Questions Deadline"	: Has the meaning ascribed to it in section 13.1(b) of this Circular
"VIS RSVP Deadline"	: Has the meaning ascribed to it in section 13.1(b) of this Circular
"S\$" and "cents"	: Singapore dollars and cents, respectively, the lawful currency of the Republic of Singapore
"%" or "per cent."	: Per centum or percentage

Depositors. The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

Subsidiaries. The term "**subsidiaries**" shall have the meaning ascribed to it in Section 5 of the Companies Act.

The terms "**entity at risk**", "**interested person**", "**interested person transaction**" and "**major transaction**" shall have the meanings ascribed to them in the Catalist Rules.

References. Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations.

Time and date. Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Statutes. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Securities and Futures Act, the Companies Act or the Catalist Rules or any statutory or regulatory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Securities and Futures Act, the Companies Act or the Catalist Rules or such statutory or regulatory modification thereof, as the case may be, unless otherwise provided.

Rounding. Any discrepancies in figures included in this Circular between the amounts listed and their actual values are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

Legal Adviser. The Company has appointed Virtus Law LLP as the legal adviser to the Company as to Singapore law in relation to the Proposed Transactions.

LETTER TO SHAREHOLDERS

PAN ASIAN HOLDINGS LIMITED

(Company Registration Number. 197902790N)
(Incorporated in the Republic of Singapore)

Directors

Mr. Richard Koh Chye Heng (Executive Chairman)

Ms. Lim Xiu Fang, Vanessa (Executive Director)

Mr. Thomas Lam Kwong Fai (Lead Independent Non-Executive Director)

Mr. Wu Yu Liang (Independent Non-Executive Director)

Mr. Lawrence Chen Tse (Independent Non-Executive Director)
Chau (Chen Shichao)

Registered Office:

2 Kallang Ave,
#05-19 CT Hub,
Singapore 339407

20 May 2022

To : The Shareholders of the Pan Asian Holdings Limited

Dear Sir/Madam

1. INTRODUCTION

1.1 Purpose of the Circular

The Directors are convening the EGM to be held on 14 June 2022 at 10 a.m. to seek Shareholders' approval for the Proposed Transactions.

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for the Proposed Transactions at the EGM, notice of which is set out on pages N-1 to N-4 of this Circular.

1.2 Inter-conditionality of Resolutions

Shareholders should note that the resolutions for Proposed Transactions are inter-conditional on one another. If any of the resolutions are not passed, the Proposed Transactions would not take place.

The resolutions for the Proposed Transactions are inter-conditional on one another for the following reasons:

- (a) the Proposed Diversification is necessary for the purpose of the new business which the Proposed Acquisition encompasses;
- (b) the Proposed Acquisition will only proceed if the Proposed Disposal is approved at the EGM, as the Proposed Acquisition will be financed by the proceeds of the Proposed Disposal;
- (c) the Proposed Disposal will only occur if the Proposed Acquisition and the Proposed Diversification are approved at the EGM as the Company proposes to exit its Existing Businesses via the Proposed Disposal and diversify into the Design and Build Business through the Proposed Acquisition; and

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- (d) the Proposed Change of Name is proposed to more accurately reflect the Company's strategic direction and business activities in the Design and Build Business going forward and therefore, it is contingent upon Shareholders' approval being obtained for the Proposed Diversification, the Proposed Acquisition and the Proposed Disposal at the EGM.

2. THE PROPOSED TRANSACTIONS

2.1 Background

Reference is made to the Announcement, where the Company announced that it had on 28 April 2022 entered into the Acquisition SPA and the Disposal SPA and that in connection with the Proposed Acquisition and Proposed Disposal, it intends to diversify into the Design and Build Business and undertake the Proposed Change of Name.

The Proposed Disposal constitutes (i) an "interested person transaction" pursuant to Chapter 9 of the Catalist Rules; and (ii) a "major transaction" under Chapter 10 of the Catalist Rules. Therefore, the Proposed Disposal is subject to the approval of independent Shareholders at the EGM.

Pursuant to Rule 1010 and the guidance provided in Practice Note 10A paragraph 4.4(b) of the Catalist Rules, the Proposed Acquisition would be considered a discloseable transaction. Notwithstanding this, the Company is seeking Shareholders' approval for the Proposed Acquisition at the EGM given that the Proposed Acquisition is the first acquisition relating to the diversification of the Company's business into the Design and Build Business and the Board is of the view that there will be a change of risk profile of the Company pursuant to the Proposed Acquisition.

Subject to Shareholders' approval being obtained for the Proposed Transactions at the EGM, the Company proposes to complete the Proposed Acquisition prior to the Disposal Completion. Immediately following the completion of both the Proposed Acquisition and the Proposed Disposal, the Company will no longer hold any interest in the Disposal Assets and will cease to carry out its Existing Businesses (as defined in section 3.1 below) and will focus on the Design and Build Business through the acquisition of the Target Group.

2.2 Rationale for the Proposed Transactions

Having considered the prospects of the Target Group which is a profitable business and the fact that the property market in Singapore has enjoyed sustained growth since 2020 with a positive outlook, the Board is of the view that the Proposed Acquisition is in the best interests of the Company and the Shareholders as it has the potential to provide new revenue streams to the Group in order to enhance Shareholders' value.

The Proposed Acquisition will enable the Group to tap on the Target's reputable brand name in the design and build industry, as well as the expertise of the Target Group in the building, construction and design industry. In view of the above, the Board believes that the Proposed Acquisition presents a good opportunity for the Company to enter into the Design and Build Business and provide Shareholders with diversified returns and potential long-term growth.

The Group intends to reposition itself and diversify into the Design and Build Business. The Proposed Diversification through the Proposed Acquisition is expected to replace the Group's

LETTER TO SHAREHOLDERS

current revenue streams and provide a new income base. The Group believes the Proposed Acquisition and the Proposed Diversification will serve to enhance Shareholders' value as they represent new business opportunities to enter into a new segment which has the potential to provide the Group with new revenue streams with growth potential. The Group has embarked on this diversification strategy with a view to achieving long term sustainable growth and diversifying its income streams.

The Group's Existing Businesses have been affected by the series of lockdowns brought on by the COVID-19 pandemic. Given the uncertainties prevailing in the current global economic outlook, the Board believes that it is prudent to take active steps to reposition itself. Following the completion of the Proposed Disposal, the Company will cease its Existing Businesses and focus on the Design and Build Business.

In considering funding options for the Proposed Acquisition by the Board, Mr. Richard Koh Chye Heng, the Executive Chairman of the Company expressed an interest in acquiring from the Company all its Existing Businesses, as he wishes to retire from managing a public listed company given his age (74 years old) and after considering listing compliance costs of a public listed company and the returns generated by the Existing Businesses in the past four financial years. Mr Richard Koh plans to restructure and operate the Existing Businesses on his own terms as a private entity following the completion of the Proposed Disposal. The Board has considered the fact that the Company has not tapped on the capital markets for further funding since its listing on the SGX-ST other than the rights issue exercise undertaken in 2011. The Board is of the view that the Proposed Disposal presents a good opportunity for the Company to exit its Existing Businesses and the proceeds from the Proposed Disposal will provide the Company with the necessary funding to finance the Proposed Acquisition.

Following the completion of the Proposed Transactions, the Company will be focusing on the Design and Build Business acquired through the Proposed Acquisition in line with its diversification and repositioning strategy.

In line with the Proposed Transactions, the Company is entering into a different business area with a new corporate identity. Accordingly, the Board considers it appropriate for the Company, for identification purposes, to proceed with the Proposed Change of Name, in order to more accurately reflect the Company's strategic direction and business activities in the Design and Build Business going forward. The Proposed Change of Name will enable the Company to create a new brand identity for itself and develop a new positioning in the market, allowing the public and the Company's business partners to better identify with the Company under this new name moving forward.

3. THE PROPOSED DIVERSIFICATION OF THE GROUP'S BUSINESS

3.1 Existing Businesses of the Group

The Group is currently principally engaged in the following businesses:

- (a) general trading and supply of piping systems and related accessories;
- (b) valves manufacturing, sales and distribution;
- (c) food and beverage; and

LETTER TO SHAREHOLDERS

- (d) engineering solutions for use in water and wastewater infrastructure developments, (collectively, the "**Existing Businesses**").

3.2 Background

For the FY2018, the Group incurred losses after tax of approximately S\$1.23 million. Since then, the Company has been looking into ways to rejuvenate its operations to enhance Shareholders' value. In 2019, the Company obtained Shareholders' approval for the diversification of its core business to include a food and beverage business, including investing in and building a manufacturing plant in Thailand. Such plans were however put on hold due to the COVID-19 pandemic. Nevertheless, the Company has continued to be on an active lookout for new opportunities to rejuvenate its business.

In years 2020 and 2021, the outbreak of the COVID-19 pandemic caused an unprecedented amount of uncertainty on the global economy and widespread global disruptions. While the Group has continued to attempt to mitigate the impact caused by COVID-19 by improving its market competitiveness and managing its costs, the current global economy continues to be challenging. The Company has faced challenges such as supply chain disruptions, higher material and manpower costs, and higher cost and time resources needed to comply with COVID-19 safe measures as well as demand and challenges faced to make up for lost time in the completion of projects. Despite its best efforts, the Group has continued to incur net losses in the FY2020 and FY2021.

The management has conducted a strategic business review of the Group's core business segments and after consultation with the Board, the management has proposed for the Company to diversify into the design and build business, which entails, the provision and supply of building, construction, design, engineering, infrastructure and related solutions, services and products such as solutions, services and products for new construction works, addition and alteration works, works for refurbishment and upgrading of existing properties and infrastructure works and projects (the "**Design and Build Business**"), in order to improve the Group's financial position and unlock shareholder value. The Proposed Diversification of Business is meant to introduce both immediate and future revenue streams and build a stronger income base for future growth to strengthen the Group's financial performance.

The Company will be carrying out the Design and Build Business through the Target Group following the successful completion of the Proposed Acquisition. The Target Group was identified by Ms. Lim Xiu Fang, Vanessa, the Executive Director of the Company and the sibling of a controlling shareholder of the Company, Mr. Lim Wei Zhi Sylvester, through her network of connections. Ms. Lim Xiu Fang, Vanessa's family is engaged in the real estate business though she does not hold any executive role or equity interest in the family business. As announced on 8 September 2021 upon Ms Lim Xiu Fang, Vanessa's appointment, she is tasked to seek, evaluate, and propose new businesses for the Company.

As the Group intends to undertake the Design and Build Business, as more particularly described below, it is envisaged that the Proposed Diversification of Business will change the existing risk profile of the Group. Accordingly, the EGM is convened by the Company to seek Shareholders' approval for, *inter alia*, the Proposed Diversification of Business.

3.3 Details of the Design and Build Business

Subject to Shareholders' approval for the Proposed Diversification of Business being obtained at the EGM, the Directors propose to diversify the Group's business to include the Design and Build Business.

Currently, the Design and Build Business shall be primarily conducted in Singapore. However, the Group does not plan to restrict the Design and Build Business to any specific geographical

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market as each project and/or investment into a new geographical market will be evaluated and assessed by the Board based on its merits.

In connection with the Proposed Diversification of Business, the Proposed Acquisition is an integral part of the Group's strategy in respect of the diversification into the Design and Build Business. Please refer to section 4 of this Circular for more details.

The Group may explore joint ventures, partnerships, cooperation and/or strategic alliances with third parties who have the relevant expertise and resources to carry out the Design and Build Business locally or overseas as and when the opportunity arises. There may be regulatory requirements for the Design and Build Business in each jurisdiction and/or particular business or industry. If the Group decides to enter into any jurisdiction or any particular business or industry to carry out the Design and Build Business either by way of acquisition or by way of direct establishment by the Group in such jurisdiction, the Group will consult legal and other professionals in such jurisdiction on the compliance with the regulatory requirements in such jurisdiction or such particular business or industry.

The decision on whether a business opportunity in the Design and Build Business should be undertaken by the Group on its own or in collaboration with third parties will be made by the Board after taking into consideration various factors, such as the applicable laws and regulatory requirements, the nature and scale of the respective business, amount of investment required and risks associated with such an investment, nature of expertise required and economic conditions, taking into account the opportunities available.

Subject to Shareholders' approval for the mandate in relation to the Proposed Diversification of Business being obtained at the EGM, should the Company pursue any of such business opportunities under the Design and Build Business, such business activities shall constitute part of the ordinary course of business of the Company (where it does not change the risk profile of the Company), and the Company will seek Shareholders' approval where required, in accordance with the mandate requirements (please refer to Section 3.7 of this Circular for further details).

3.4 Management of the Design and Build Business

The Board recognises that the Design and Build Business is ultimately different from its Existing Businesses. However, the Group is confident of developing and building up the expertise required for the Design and Build Business over time, together with the guidance and strategic vision of its Board.

It is currently envisaged that the existing key management of the Target Group comprising Mr. Jeffrey Hong and Mr. Stanny Chai will manage the Design and Build Business of the Group following completion of the Proposed Acquisition. They will be reporting to Ms. Lim Xiu Fang, Vanessa who will be the reporting Executive Director for the Design and Build Business. Ms. Lim Xiu Fang, Vanessa will be in charge of providing strategic guidance in her capacity as Director and will be responsible for overseeing the operations of the Design and Build Business. The Vendor will not be involved in the management of the Design and Build Business. Details of Mr. Jeffrey Hong and Mr. Stanny Chai are set out below.

Mr. Jeffrey Hong, a Singapore citizen, is the chief executive officer of the Target Group and spearheads the Target Group's overall growth, position and long-term strategic planning and goals. He has more than 28 years of experience in the real estate industry and is known for his syndication for property development and has been involved in several merger and acquisition exercises for Singapore listed companies. Mr. Jeffrey Hong excels in investment projection and estimation of costing and revenue, units' distribution, design and space planning, sales and marketing, as well as advertising and promotional strategies. He graduated with a Master of Science with an emphasis in Global Business and Marketing from the City University of New York.

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Mr Stanny Chai, a Singaporean citizen, is a project director of the Target Group, and has more than 21 years of extensive experience in the construction industry. He specialises in projection management for construction, architectural and interior design. Prior to joining the Target Group, he was the project manager of Sevens Group Pte. Ltd. (another entity controlled by the Vendor), a real estate development company based in Singapore with real estate projects in Singapore and Australia.

As Mr Jeffrey Hong and Mr Stanny Chai are proposed to be Executive Officers of the Company, the Company will make separate announcements in relation to their respective appointments in accordance with the Catalist Rules in due course.

As the Design and Build Business grows, the Group will continually evaluate the manpower and expertise required for the Design and Build Business and will, as and when required, hire suitably qualified personnel, external consultants, external industry experts and professionals for the Design and Build Business. In making decisions, the Board and senior management will seek the advice of these reputable external consultants and experts where necessary and appropriate. Where necessary, work may be outsourced to these third parties who have expertise in the relevant area.

In addition, the Group may enter into joint ventures and/or foster partnerships with third parties in the relevant industries to assist it in undertaking the Design and Build Business more effectively. Such partnerships may either be on a case-by-case basis or on a longer-term basis. In selecting prospective partners, the Group will consider the specific expertise and competencies necessary for the project(s) in question and the experience, track record and financial standing of the party and/or parties concerned.

The Board, which reviews the risk exposure of the Group for all its businesses at regular intervals, will additionally review the risk exposure of the Design and Build Business periodically to ensure that there are sufficient guidelines and procedures in place to monitor its operations.

3.5 Internal Controls and Risk Management of the Design and Build Business

The Board recognises the importance of internal controls and risk management for the Design and Build Business to run smoothly. The Board does not have a separate risk management committee as the Board is currently assisted by the Audit Committee, internal auditors and external auditors in carrying out its responsibility of overseeing the Group's risk management framework and policies. The Company will endeavour to ensure that the risk management systems implemented will commensurate with the risk and business profile, nature, size and complexity of operations and business activities of the Design and Build Business, and will review such risk management systems periodically to assess adequacy.

To address the risks presented by the Design and Build Business, the members of the Audit Committee will be tasked with the responsibility of overseeing the risk management activities of the Company in relation to the Design and Build Business following the Proposed Diversification of Business. The Audit Committee will be required to approve appropriate risk management procedures and measurement methodologies, and will be involved in identifying and managing the various business risks for the Design and Build Business.

The Board and the Audit Committee will adopt internal policies and procedures for the management to consider before tabling proposals for any new projects or investments under the Design and Build Business.

Further, investments above an internally determined threshold (as approved by the Board from time to time) must be specifically approved by the Audit Committee. In addition, the Board and the Audit Committee, which review the risk exposure of the Design and Build Business of the Company at regular intervals, will review the risk exposure of the Design and Build Business at least annually.

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The risk management and internal control systems, no matter how sophisticated in design, still contains inherent limitations caused by misjudgement or fault. Accordingly, there is no assurance that the risk management and internal control systems are adequate or effective notwithstanding the Group's efforts, and any failure to address any internal control matters and other deficiencies may result in investigations and/or disciplinary actions, or even prosecution being taken against the Company and/or its employees, disruption to the risk management system, and an adverse effect on the Group's financial condition and results of operations.

3.6 Risk Factors associated with the Design and Build Business

To the best of the Directors' knowledge and belief, the risk factors which are material in making an informed decision in relation to the Proposed Diversification of Business have been set out below. Should any of the factors and/or uncertainties as described below develop into actual events, they may have a material and adverse impact on the Proposed Diversification of Business and consequently, the overall results of operations, financial condition and prospects of the Group.

The risks declared below are not intended to be exhaustive and all material risk factors known to the Company have been disclosed in this Circular. The Group could be affected by a number of risks which relate to the industries and countries in which the Group operates or intends to operate as well as those which may generally arise from, inter alia, economic, business, market, technological and political factors, including the risks set out herein. New risk factors may also emerge from time to time and it is not possible for the management to predict all risk factors, nor can the Group assess the impact of all factors on the Design and Build Business or the extent to which any factor or combination of factors may affect the Design and Build Business.

There may be also other risks associated with the entry into the Design and Build Business which are not presently known to the Group, or that the Group may currently deem immaterial and as such, have not been included in the discussion below.

Subheadings are for convenience only and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.

Shareholders should consider the risk factors in light of your own investment objectives and financial circumstances and should seek professional advice from your accountant, stockbroker, bank manager, solicitor or other professional advisers if you have any doubt about the actions you should take.

3.6.1 The Group may not have the ability or sufficient expertise to execute the Proposed Diversification of Business including the management know how and industry knowledge

The Group has embarked on this diversification strategy with a view to achieving long term sustainable growth. This strategy also exposes the Group to additional businesses and operating risks and uncertainties. The Design and Build Business may also be influenced by various factors such as the Group's networks, marketing plans and efficient usage of its management and financial resources. Furthermore, the Group does not have a proven track record in carrying out the Design and Build Business. There is no assurance that the Design and Build Business will be commercially successful and that the Group will be able to derive sufficient revenue to offset the initial costs of investment and operating costs arising from the Design and Build Business.

The Design and Build Business may require high capital commitment and may expose the Group to unforeseen liabilities or risks associated with its entry into new

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markets and new businesses. The Design and Build Business involves business risks including the financial costs of setting up new operations, capital investments and maintaining working capital requirements. If the Group does not derive sufficient revenue from or does not manage the costs of the Design and Build Business effectively, the overall financial position and profitability of the Group may be adversely affected.

The Group will also be exposed to the risks associated with a different competitive landscape and a different operating environment. In particular, the Group will be affected by factors affecting the local property market, as well as the property market in the regions where the Group ventures into, such as general economic conditions, changes in interest rates and relevant government policies and measures.

The Group's future plans with regard to the Design and Build Business may not be profitable, may not achieve sales levels and profitability that justify the investments made and may take a long period of time before the Group could realise any return. The activities of the Design and Build Business may entail financial and operational risks, including diversion of management's attention and difficulty in recruiting suitable personnel.

Further, such future plans and new initiatives could be capital intensive and could also result in potentially dilutive issuances of equity securities, the incurrence of capital commitments, debts and contingent liabilities as well as increased operating expenses, all of which may materially and adversely affect the financial performance of the Group. The Group may face significant financial risks before it can realise any benefits from its investments in the Design and Build Business.

3.6.2 The Company may face competition from existing competitors and new market entrants in the Design and Build Business

The Design and Build Business is highly competitive, with strong competition from established industry participants who may have larger financial resources or a stronger track record. The Group may not be able to provide comparable services at lower prices or respond more quickly to market trends than potential or existing competitors who may have larger financial resources and stronger track records. Further, new competitors may enter the industry, resulting in increased competition or saturation. There is no assurance that the Group can compete successfully against its existing or potential competitors now or in the future. To compete effectively, the Group will have to offer more competitive pricing or differentiate itself by adopting more creative marketing strategies. In the event that the Group fails to do so, the Group's business, financial condition, results of operations and prospects may be adversely affected.

3.6.3 The Group is exposed to a range of economic risks relating to the Design and Build Business in the countries in which the Group may operate

The performance of the Design and Build Business depends largely on the economic situation and the performance of the construction industry and the property industry, and is dependent on the continued expansion of the local economy and the economies of the countries in which the Group may operate. There is no assurance that the property sector in each of the countries in which the Group may operate will continue to grow. The property market in each of the countries in which the Group may operate may be adversely affected by political, economic, regulatory, social or diplomatic developments affecting the respective property sectors generally. Changes in inflation, interest rates, taxation or other regulatory, economic, social or political factors affecting the countries in which the Group may operate or any adverse developments in the supply, demand and prices of property in the property sector may have an adverse effect on the Group's business. The

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Design and Build Business are also subject to the cyclical nature of the property industry. Should the economy or the property market experience a downturn, the performance of the Design and Build Business may be adversely affected. This may also materially and adversely affect the Group's business operations, financial performance and financial condition.

3.6.4 **The Group is subject to various government regulations in the Design and Build Business**

The Design and Build Business is exposed to the risks posed by current and potential future regulations and legislation that apply to both the industries in which the Group operates and the industries its clients operate.

Changes in the local regulatory environment as well as those in the other countries in which the Group operates may have consequences for the Group, such as limiting the Group's ability to do business in a jurisdiction because of a change in laws or an imposition of trade barriers.

The Group may be affected by revised or new legislation and guidelines by the government in response to the property market conditions. An example would be where the Singapore government monitors the property market and from time to time implement cooling measures in the form of stamp duties or otherwise to curb speculation in the real estate property market on residential and industrial property transactions. Such a regulatory change will impact on the Design and Build Business and in particular, the Group's ability to deliver on projects and services.

3.6.5 **The Group is exposed to risks associated with acquisitions, joint ventures and strategic alliances**

Depending on available opportunities, feasibility and market conditions, the Group's expansion into the Design and Build Business may involve acquisitions, joint ventures or strategic alliances with third parties in overseas market that the Group intends to focus on. There is no assurance that such acquisitions, joint ventures, strategic alliances or the joint management of such enterprises will be successful. As a start, the Group will undertake the Proposed Acquisition to diversify into the Design and Build Business.

Participation in joint ventures, strategic alliances, acquisitions or other investment opportunities involves numerous risks, including the possible diversion of management attention and loss of capital or other investments deployed in such ventures, alliances, acquisitions or opportunities.

3.6.6 **The Group may be subject to the risks of late payment or non-payment by its clients**

The Group faces uncertainties over the timeliness of customers' payments and their solvency or creditworthiness in respect of the payment for the services the Group provides. There is no assurance that the Group will be able to collect any payments on a timely basis, or at all. In the event that there are defaulting customers or a significant delay in collecting payments from customers, the Group may face stress on its liquidity and cash flow.

Furthermore, some of the Group's customers may default on their payments to the Group, owing to events or circumstances that are difficult to anticipate or detect that would have an impact on the Group's customers' ability to make timely payments. As a result of the Group's customers defaulting on their payment to it, it would have to make provisions for doubtful debts, or to incur write-offs, which may have an adverse effect on its operating results and profitability.

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3.6.7 **The Group may be exposed to fluctuations in labour costs and materials**

The Group intends to hire manpower, purchase materials and/or equipment required, or work with third party contractors to carry out the design and build services. Should the cost of such manpower, materials, equipment, or third party contractors' fee increase and the Group is unable to pass on such increase in fees to the customers, the results of the Group's operations and financial condition could be materially and adversely affected.

3.6.8 **The Group may be dependent on the supply of foreign workers in its Design and Build projects.**

The Group may from time to time be dependent on foreign workers. Foreign workers are usually employed by the Group's main contractors and/or third party sub-contractors. Nevertheless, the Group's business operations are indirectly dependent on foreign workers if there is any shortage of local workers in the construction industry.

The conditions imposed by the relevant authorities in relation to the employment of foreign workers may change from time to time, in particular, given the ongoing COVID-19 pandemic. Generally, applications to employ foreign workers will only be considered when efforts to find qualified local workers have failed. In the event that there is a shortage of supply of foreign workers or a restriction is imposed on the number of foreign workers allowed to be employed by the Group's contractors for the Group's projects, the completion of these projects may be delayed due to such shortage of workers in carrying out the works, resulting in an increase in overheads which may adversely affect the Group's business operations and financial performance.

3.6.9 **The Group's Design and Build projects may be affected by cost overruns and/or increases in costs**

Unforeseen circumstances such as unanticipated constraints at worksites, increase in the costs of labour, construction materials, equipment, rental and sub-contracting services, unanticipated variations in labour and equipment productivity over the term of a development or corrective measures for poor workmanship may arise in the course of the projects which may result in additional unanticipated costs over and above the initial budget. Where these costs overruns cannot be passed onto customers, the Group may have to absorb the cost overruns and may suffer losses on the project. The Group's profitability and financial performance may be materially and adversely affected.

3.6.10 **The Group's projects are dependent on the services rendered by contractors**

The Group may rely on main contractors and sub-contractors to provide various services for the Design and Build projects, including building construction works, piling and foundation works, structural works, architectural works and engineering works. The services rendered by the Group's contractors may not be satisfactory to the Group or meet the Group's requirements for quality.

Furthermore, the contractors engaged may experience financial or other difficulties that may affect their ability to carry out the work for which they are contracted to complete, thus delaying the completion of, or failing to complete, the projects and resulting in additional costs or exposures to the risk of liquidated damages to the Group. In the event of any loss or damage which arises from the default of such contractors, the Group may have to incur losses to rectify such defects, materially and adversely affecting the Group's financial performance and financial condition.

3.6.11 **The Group may be subject to claims and litigation**

From time to time, the Group may receive claims for failure to fulfil its contractual obligations or any negligence from carrying out the services by the Group or any defects in the designs with respect to the projects undertaken by the Group.

Further, in the event that complaints, disputes or disagreements that cannot be resolved amicably through negotiations escalate into legal claims, resources such as time and legal costs would have to be utilised and incurred to address such claims and defend against such litigation, which could have an adverse impact on the Group's business and financial performance. There is no absolute assurance that material litigation will not be brought against the Group in the future. The Group's liabilities in respect of claims could materially and adversely affect its financial position and results of operations.

3.6.12 **The Group's insurance policies may be insufficient or inadequate to cover all risks of loss or potential claims associated with its business operations**

The Group purchases and maintains insurance policies as required under the relevant laws and regulations and in accordance with the needs of the Group's business. However, there is no assurance that the Group's current insurance coverage is sufficient for all the risks and losses associated with its business operations or adequately protect the Group against all liabilities arising from claims and litigation against the Group. The Group may still be liable for losses or potential claims which are not insured adequately or at all.

Should any significant property damage or personal injury occur in the worksites or to the employees due to accidents, natural disasters, or similar events which are not wholly or sufficiently covered by insurance, the Group's business may be adversely affected, potentially leading to a loss of assets, lawsuits, employee compensation obligations, or other forms of economic loss. There is no assurance that the Group can renew the policies on similar or other acceptable terms or at all. If the Group is liable for uninsured losses or losses that far exceed the limits of its policy coverage, or the insurance premium payable by the Group increases significantly, the Group's business, financial position, results of operations and prospects may be materially and adversely affected.

3.6.13 **Failure to obtain sufficient capital on acceptable terms or in a timely manner may adversely affect the Group's business and growth prospects**

The Design and Build Business requires and will continue to require substantial capital expenditure. The Target Group has historically satisfied its capital requirements with cash flows generated from its operating activities, bank loans and other borrowings and equity contributions from its shareholder. The ability of the Group to generate sufficient operating cash flow is affected by a number of factors, such as the Group's ability to manage and implement its business plans, changes in general market conditions, the regulatory environment, governmental policies and the competition in certain sectors in which the Group operates. Any material adverse change in these factors may cause the Group to experience a capital shortfall. There is no assurance that the Group's operations are or will be able to generate sufficient cash flow to satisfy its cash need at all times, if at all. Insufficient cash flow generated from the Group's operating activities will increase the reliance on external financing. The Group's ability to access and raise sufficient capital through different sources depends upon a number of factors, such as the global economic condition, relationships with key commercial banks, prevailing conditions in capital markets, regulatory requirements and the Group's financial condition. Some of these factors are beyond the Group's control and there is no assurance that the Group will be

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able to procure sufficient funds in a timely manner or to obtain external financing on commercially acceptable terms, or at all. In these cases, the Group may not be able to fund the capital expenditure necessary to implement its business plans and strategies, which may in turn have a material and adverse effect on its business, financial condition, results of operations and prospects.

3.6.14 The Design and Build Business is subject to risks related to the outbreak of communicable diseases including in particular the ongoing COVID-19 pandemic

The outbreak of communicable diseases such as SARS, H5N1 avian flu, Influenza A (H1N1), MERS, Ebola and most recently, COVID-19, may disrupt the operations of the Design and Build Business and the Group's ability to fulfil the orders of its customers. The governments in the countries in which the Group operates the Design and Build Business may mandate the closure of businesses, offices and factories based on factors beyond the Group's control. Any failure on the Group's part to properly manage and contain the effects of such outbreaks in the Group's premise could severely disrupt its operations, damage its reputation, and in turn, its relationships with customers.

As the COVID-19 pandemic is still evolving, there is no assurance that the spread of COVID-19 will be contained in the near term and the duration of the COVID-19 pandemic and the extent of its adverse effects cannot be determined with certainty at present. As such, in the event that the containment of COVID-19 does not improve in the near term, and results in a prolonged global economic recession, this may have a protracted negative impact on the Design and Build Business.

3.6.15 The Group may require additional funding for future growth, and any equity financing may result in a dilution to Shareholders' equity interest or may require additional investments by Shareholders, in the case of a rights issue or a share placement or a share issuance exercise

The Design and Build Business is capital intensive in nature and the Group may require a substantial amount of capital for its operations and future expansion. As the Group establishes and grows its Design and Build Business, its working capital requirements may increase. To the extent that funds generated from operations and internal funds have been exhausted, the Group may have to raise additional funds by way of a placement or a rights offering or by way of borrowings to meet new financing requirements. Should the Group not be able to secure such external borrowings in a difficult credit environment, the Group may also seek access into the capital markets to raise funds for its Design and Build Business through equity and/or debt financing. If the equity capital raising is other than by a rights issue, or if new shares are issued for acquisitions or to fund new joint ventures and strategic partnerships, this will dilute the shareholding interest of existing Shareholders. Further, if the Group fails to utilise the new equity to generate a commensurate increase in earnings, the Group's earnings per share will be diluted and this could lead to a decline in its share price. Any additional debt financing may, apart from increasing the interest expense and gearing, contain restrictive covenants with respect to dividends, future fund-raising exercises, and other financial and operational matters. If the Group is unable to procure the additional funding that may be required, the growth or financial performance of the Design and Build Business may be adversely affected.

3.7 Requirements under the Catalist Rules

The Proposed Diversification of Business will involve the Design and Build Business which is substantially different from the Existing Businesses, and it is envisaged that the Design and Build Business may change the risk profile of the Group. Accordingly, the Company is seeking

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Shareholders' approval for the Proposed Diversification of Business at the EGM to be convened.

In accordance with the SGX-ST's recommended practice in relation to diversification of business, if an issuer has not operated in the new business space and/or did not provide sufficient information about the new business at the time when it is seeking shareholders' approval for the diversification mandate, where the issuer enters into the first major transaction involving the new business (the "**First Major Transaction**"), or where any of the figures computed based on Rule 1006 of the Catalist Rules in respect of several transactions involving the new business aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 75%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon shareholders' approval at a general meeting. For the avoidance of doubt, notwithstanding that Shareholders' approval of the Proposed Diversification of Business has been obtained:

- a) where an acquisition of assets (whether or not the acquisition is deemed in the ordinary course of business of the Company) is one where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules is 100% or more, or is one which will result in the change of control of the Company whether or not in the Company's ordinary course of business (which will include the Design and Build Business), the transaction is classified as a very substantial acquisition or reverse takeover and would be subject to Rule 1015 of the Catalist Rules and would be subject to approval of Shareholders at a general meeting;
- b) Practice Note 10A of the Catalist Rules will apply and Shareholders' approval would be required for any transaction (which falls within the definition as set out in Rule 1002(1) of the Catalist Rules) which changes the risk profile of the Company;
- c) the First Major Transaction or the last of the Aggregated Transactions will be made conditional upon Shareholders' approval at a general meeting, if applicable; and
- d) where any transaction constitutes an "interested person transaction" as defined under Chapter 9 of the Catalist Rules, Chapter 9 of the Catalist Rules will apply to such a transaction and the Company will comply with the provisions of Chapter 9 of the Catalist Rules.

Pursuant to Rule 1005 of the Catalist Rules, separate transactions completed within the last 12 months may also be aggregated and treated as if they were one transaction in determining whether a transaction falls into category (a), (b), (c) or (d) of Rule 1004 of the Catalist Rules.

The Company will also be required to comply with any applicable and prevailing Catalist Rules as amended or modified from time to time.

4. THE PROPOSED ACQUISITION

4.1 Information on the Vendor

Shareholders should note that information relating to the Vendor in this paragraph and elsewhere in this Circular was provided by the Vendor. The Company and the Directors have not independently verified the accuracy and correctness of such information herein.

The Company proposes to acquire 100% equity interest in the Target from the Vendor. The Vendor, a Singapore citizen, is a successful businessman who is the founder and chief executive officer of Sevens Group Pte. Ltd., a real estate development company based in Singapore with real estate projects in Singapore and Australia. For the avoidance of doubt, Sevens Group Pte. Ltd. is distinct and separate from the Target Group as Sevens Group Pte. Ltd. acquires land for real estate development while the Target Group provides construction

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and design services to homeowners. Sevens Group Pte. Ltd. and the Target Group do not currently have any direct business relationship with each other, and the Target Group is managed by a management team that is distinct and independent of Sevens Group Pte. Ltd.

4.2 Information on the Target Group

The Target is a private company incorporated in Singapore with limited liability and is an investment holding company. The Target is the sole legal and beneficial owner of the entire issued and paid-up capital of Sevens Build Pte. Ltd. and Sevens Design Pte. Ltd. Both the aforementioned subsidiaries are engaged in the business of build and design in Singapore and each of them holds a Class 2 General Builder's Licence issued by the Building and Construction Authority which allows them to undertake general building works for projects of S\$6 million or less. The Vendor is an independent third party and is not related to the Directors, controlling Shareholders of the Company and their respective associates.

4.3 Key Financial Information on the Target

Based on the latest unaudited management accounts of the Target for the twelve months' financial period ended 31 December 2021, the book value, net tangible asset value and the net profits of or attributable to the Target Shares are S\$12,400,000, S\$935,194 and S\$54,714, respectively.

4.4 Principal Terms of the Acquisition SPA

4.4.1 Sale and Purchase of the Target Shares

Pursuant to the Acquisition SPA, the Company will acquire 50,000 ordinary shares in the capital of the Target (the "**Target Shares**"), representing 100% of the issued and paid-up share capital of the Target free from all encumbrances and together with all the rights attaching thereto on the terms and subject to the conditions of the Acquisition SPA. Following the Acquisition Completion, the Target Group will become direct or indirect wholly-owned subsidiaries of the Company.

4.4.2 Consideration

The aggregate consideration for the Target Shares is the sum of Twelve Million Singapore Dollars (S\$12,000,000) (the "**Acquisition Consideration**"), which shall be satisfied by the Company in full by the issuance of unsecured loan notes in the nominal amount of S\$12,000,000 ("**Loan Notes**") by the Vendor to the Company on completion of the Proposed Acquisition.

The Acquisition Consideration was arrived at after arm's length, negotiations between the Company and the Vendor on a "willing buyer willing seller" basis, taking into consideration the valuation on the Target Group and the expertise and brand name of the Target Group. The Company is of the view that it is not overpaying for the Proposed Acquisition as the Acquisition Consideration constitutes a small discount of approximately 3.23% to the valuation of the Target Group and also taking into consideration the fact that the Vendor is agreeable with the Loan Notes arrangement. The Loan Notes are redeemable by the Vendor in accordance with the following repayment schedule: (a) within 3 business days from the date of Acquisition Completion, approximately 69% of the Loan Notes; (b) within 13 business days from the date of Acquisition Completion, approximately 19% of the Loan Notes and (c) within 68 business days from the date of Acquisition Completion, approximately 12% of the Loan Notes. The Loan Notes do not bear interest unless in the event of default of repayment by the Company, the unpaid amount will bear default Interest at the rate of 5% per annum from the due date until the date of repayment.

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4.4.3 Independent Valuation of the Target Group

In connection with the Proposed Acquisition, the Company has commissioned Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**Independent Valuer**"), as a competent and independent valuer to perform a valuation of the Target Group, pursuant to Rule 1014(5) of the Catalist Rules.

Based on the Acquisition Valuation Report, the market value of the Target Group as at 30 November 2021 is S\$12,400,000. The Acquisition Consideration therefore represents approximately 3.23% discount to the valuation of the Target Group. The valuation of the Target Group was arrived at based on market approach using the guideline public company method. The valuation was conducted in accordance with the International Valuation Standards published by the International Valuation Standards Council.

Shareholders are advised to read and consider the Acquisition Valuation Report issued by the Independent Valuer in respect of the valuation of the Target Group carefully, in particular the terms of reference, key assumptions and critical factors. The Acquisition Valuation Report is set out in Appendix A to this Circular.

4.4.4 Conditions Precedent

The Acquisition Completion is conditional upon certain conditions precedent (the "**Acquisition Conditions**") having been satisfied or waived (as the case may be), including but not limited to the following:

- (a) the results of legal, financial and commercial due diligence investigations in respect of the Target Group and Target Shares being satisfactory to the Company (in its sole discretion);
- (b) all authorisations (whether governmental, corporate or otherwise or from financial institutions or any third parties) which are necessary to be obtained in connection with the Proposed Acquisition being granted or obtained, and the same remaining in full force and effect and not being withdrawn or amended on or before completion of the Proposed Acquisition, and to the extent that such authorisations are subject to any conditions required to be fulfilled before the completion of the Proposed Acquisition, all such conditions having been duly so fulfilled;
- (c) approval of the Directors and Shareholders of the Company having been obtained for the transactions contemplated pursuant to or in connection with the Acquisition SPA, including the Proposed Acquisition and Proposed Diversification of Business; and
- (d) no event having occurred after the date of the Acquisition SPA which has or is likely to result in a material adverse change in the business, operations, assets, position (financial, trading or otherwise), profits or prospects of the Target Group.

If all of Acquisition Conditions (save for those compliance with which has been waived in accordance with the terms of the Acquisition SPA) have not been fulfilled on or before 5.00 p.m. on the date falling four (4) months from the date of the Acquisition SPA, the Acquisition SPA shall lapse and no party shall have any claim

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against any other party under it, save as otherwise provided in the Acquisition SPA and for any claim arising from antecedent breaches of the Acquisition SPA.

4.4.5 Acquisition Completion

The Acquisition Completion shall take place on the third (3rd) Business Day after the date on which all of the Acquisition Conditions have been fulfilled or otherwise waived in accordance with the terms of the Acquisition SPA.

4.5 Source of Funds for the Proposed Acquisition

The Company will fund the Proposed Acquisition with the proceeds from the Proposed Disposal.

4.6 Relative Figures Computed on the Bases Set Out in Rule 1006 of the Catalyst Rules

Based on the latest announced consolidated financial statements of the Group (being the audited financial statements for FY2021), the relative figures in relation to the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalyst Rules are as follows:

Rule 1006	Bases of Calculation	Relative Figure (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	N.A. ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	(11.54) ⁽²⁾
(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.	65.14 ⁽³⁾
(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.	N.A. ⁽⁴⁾
(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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	N.A. ⁽⁵⁾

Notes:

- (1) This is not applicable to an acquisition of assets.
- (2) The net profits attributable to the Target Group for the twelve months' period ended 31 December 2021 was S\$54,714 based on the Target Group's unaudited management accounts for the financial year ended 31 December 2021. The net loss attributable to the Group for FY2021 was S\$474,130 based on the Group's latest announced financial statements for FY2021. This gives rise to a negative figure of approximately 11.53%.
- (3) Aggregate value of the consideration given is S\$12 million, compared with the Company's market capitalisation of approximately S\$18 million. The market capitalisation of the Company is computed based on 214,202,036 shares in issue and the volume weighted average price of S\$0.086 per share on 22 April

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2022, being the last market day preceding the date of the Acquisition SPA on which the Company's shares were last traded. The Company does not have any treasury shares.

- (4) Not applicable as no equity securities will be issued as consideration.
- (5) Not applicable as the Company is not a mineral, oil and gas company.

4.7 Classification of the Proposed Acquisition under the Chapter 10 of the Catalist Rules

Under Rule 1007(1) of the Catalist Rules, if any of the relative figures computed pursuant to Rule 1006 of the Catalist Rules involves a negative figure, Chapter 10 of the Catalist Rules may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10A of the Catalist Rules. The relative figure for the Proposed Acquisition as computed on the basis set out in Rule 1006(c) exceeds 5% but is less than 75% and the relative figure computed on the basis of Rule 1006(b) is a negative figure. Pursuant to Rule 1010 and the guidance provided in Practice Note 10A paragraph 4.4(b) of the Catalist Rules, the Proposed Acquisition would be considered a discloseable transaction and therefore, an immediate announcement in respect of the information required pursuant to Rule 1010, Rule 1011, Rule 1012 and Rule 1013 of the Catalist Rules, where applicable, is required and has been disclosed in the Announcement.

Notwithstanding the above, the Company will be seeking Shareholders' approval for the Proposed Acquisition at the EGM given that the Proposed Acquisition is the first acquisition relating to the diversification of the Company's business into the Design and Build Business and the Board is of the view that there will be a change of risk profile of the Company pursuant to the Proposed Acquisition.

5. THE PROPOSED DISPOSAL

5.1 Information relating to the Disposal Assets

As at the Latest Practicable Date, the Company holds all the shares ("**Disposal Shares**") in the issued and paid-up capital of the following companies (collectively, the "**Disposal Subsidiaries**"):

- (i) Duvalco Valves & Fittings Pte. Ltd.;
- (ii) Pan Asian Flow Technology Pte. Ltd.;
- (iii) Pan Asian Water Solutions (HK) Limited;
- (iv) Wuhu Duvalco Valves & Fittings Co. Ltd.;
- (v) PA Water Solutions (Shanghai) Limited;
- (vi) Sacha Inchi Pte Ltd;
- (vii) PA Flow Technology (HK) Limited; and
- (viii) PT. Pan Asian Water Solutions.

The Company carries out its Existing Businesses through the Disposal Subsidiaries and their respective subsidiaries and associated companies (collectively, the "**Disposal Group**").

As at the Latest Practicable Date, certain of the Disposal Subsidiaries, including PA Water Solutions (Shanghai) Limited, PT. Pan Asian Water Solutions, and PA Flow Technology (HK) Limited are dormant. while PT Pan Asian Water Solutions has a negative net asset value.

As part of the Proposed Disposal, the Company will sell and transfer to the Purchaser its existing assets and liabilities including, *inter alia*, properties, equipment, contracts, receivable and payables (the "**Other Assets**", together with the Disposal Shares, collectively, the "**Disposal Assets**") relating to the Existing Businesses on the terms and conditions of the Disposal SPA.

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5.2 Information relating to the Purchaser and the Covenantor

The Purchaser is an investment holding company incorporated as a private company limited by shares in Singapore on 8 December 2021. Mr. Richard Koh Chye Heng is the sole shareholder and sole director of the Purchaser.

The Covenantor is the largest shareholder of the Company, with a shareholding interest of 50.95% in the Company as at the Latest Practicable Date. Mr. Richard Koh Chye Heng, the Executive Chairman of the Company, is deemed to be interested in the shares in the capital of the Company held by the Covenantor by virtue of his shareholding in the Covenantor. Mr. Richard Koh Chye Heng holds one golden share in the Covenantor and by virtue of the Covenantor's constitution, he is deemed to have the ability to exercise dominant influence over the Covenantor.

5.3 Key Financial Information on the Disposal Assets

Based on the audited financial statements of the Group for FY2021, the book value, net tangible asset value and the net loss of or attributable to the Disposal Assets are S\$14,847,945, S\$14,893,000 and S\$474,000, respectively. The Proposed Disposal is expected to result in (i) a deficit of proceeds over the book value of the Disposal Assets amounting to approximately S\$2.84 million and (ii) a loss on disposal of approximately S\$2.89 million to the Group.

5.4 Principal Terms of the Disposal SPA

The principal terms of the Proposed Disposal as set out in the SPA are set out below:

5.4.1 The Proposed Disposal

Subject to the terms and conditions of the Disposal SPA:

- (i) the Company shall sell and the Purchaser shall purchase the Disposal Shares, free from all encumbrances and with all rights as from the Disposal Completion attaching thereto including the right to all dividends hereafter paid, declared or made in respect thereof as from the Disposal Completion; and
- (ii) the Company shall sell and the Purchaser shall purchase, free from encumbrances, the Other Assets. The Purchaser shall assume the amounts owed by and liabilities of the Company in connection with the payables which form part of the Other Assets, and all debts, obligations and liabilities under or in respect of the contracts which form part of the Other Assets, as at and after the Disposal Completion.

Pursuant to the Disposal SPA, the Purchaser and the Covenantor expressly acknowledge and agree that the Disposal Assets will be sold by the Company to the Purchaser on an "as is where is" basis without reliance on any representations or warranties (save as expressly provided in the Disposal SPA) and that the Purchaser and the Covenantor have actual knowledge at all times of the business and prospects of the Disposal Group as well as the conditions and nature of the Other Assets, the risks (whether past, present or future) associated with the business of the Disposal Assets and all other relevant information associated with the foregoing.

5.4.2 The Disposal Consideration

The aggregate consideration for the Disposal Assets is the sum of Twelve Million Singapore Dollars (S\$12,000,000) (the "**Disposal Consideration**"), which shall be satisfied by the Purchaser in cash in the following manner:

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- (a) on the date of Disposal Completion ("**Disposal Completion Date**"), approximately 32.78% of the Disposal Consideration (the "**First Tranche**"), being portion of the Disposal Consideration relating to the Sale Shares in Duvalco Valves & Fittings Pte. Ltd.; Pan Asian Flow Technology Pte. Ltd.; and Sacha Inchi Pte Ltd;
- (b) on the Disposal Completion Date, approximately 36.28% of the Disposal Consideration (the "**Second Tranche**"), being portion of the Disposal Consideration relating to the Other Assets;
- (c) within two (2) weeks after the Disposal Completion Date (or such other date as may be agreed between the Company and the Purchaser when the actual transfers of the Sale Shares in Pan Asian Water Solutions (HK) Limited and PA Flow Technology (HK) Limited from the Company to the Purchaser are effectively completed and accompanied by a written confirmation from Hong Kong legal counsel), approximately 18.95% of the Disposal Consideration ("**Third Tranche**");
- (d) within three (3) months after the Disposal Completion Date (or such other date as may be agreed between the Company and the Purchaser when the actual transfers of the Sale Shares in Wuhu Duvalco Valves & Fittings Co Ltd, and PA Water Solutions (Shanghai) Limited from the Company to the Purchaser are effectively completed and accompanied by a written confirmation from PRC legal counsel), approximately 11.98% of the Disposal Consideration ("**Fourth Tranche**"); and
- (e) within six (6) months after the Disposal Completion Date (or such other date as may be agreed between the Company and the Purchaser when the actual transfers of the Sale Shares in PT. Pan Asian Water Solutions from the Company to the Purchaser are effectively completed), the balance approximately 0.01% of the Disposal Consideration amounting to S\$1 ("**Fifth Tranche**" collectively with the First Tranche, the Second Tranche, the Third Tranche and the Fourth Tranche, the "**Tranches**", and each or any of them, a "**Tranche**").

If the transfers of the Disposal Assets corresponding to a Tranche (save for the Fifth Tranche) ("**Relevant Tranche**") to the Purchaser are not effective within three (3) months after the Disposal Completion (or such other date as may be agreed between the Company and the Purchaser) and subject to the receipt of the relevant cashier's order in respect of the Relevant Tranche from the Purchaser, the Company undertakes to convert the relevant cashier's order in respect of the Relevant Tranche to cash and pay such cash amount to the Purchaser provided that any payment so received by the Purchaser shall be held by the Purchaser on trust for the Company and shall be forwarded and released in full by the Purchaser to the Company on the date of the effective transfer of such Disposal Assets.

The Disposal Consideration was arrived at by mutual agreement between the Company and the Purchaser after arm's length negotiations, on a "willing buyer willing seller" basis, taking into consideration the following factors:

- (a) the valuation carried out on the Disposal Assets (as described below);

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- (b) the listings of one of the Disposal Assets being the Group's land and building at Tuas South Link 3, Plot 24 (the "**Tuas Property**") (which carries an estimated value of S\$6.3 million based on the preliminary valuation conducted by the Valuer using direct comparison method) for sale on two reputable property listing websites in March 2022 at a price of S\$4.0 million with no offer received by the Company; and
- (c) the continued losses registered of the Group in FY2018, FY2020 and FY2021. While the Group registered a net profit attributable to shareholders of S\$408,000 for FY2019, the Group's cost-cutting and monitoring measures implemented in FY2019 were not sustainable in the long run.

5.4.3 Independent Valuation of the Disposal Assets

In connection with the Proposed Disposal, the Company has commissioned the Independent Valuer, as a competent and independent valuer to perform a valuation of the Disposal Assets, pursuant to Rule 1014(5) of the Catalist Rules.

Based on the Disposal Valuation Report, the market value of the Disposal Assets as at 31 December 2021 is S\$15,976,694 which represents an increase of approximately 7.6% from the preliminary valuation of the Disposal Assets of S\$14,847,945 as disclosed in the Announcement. As the difference between the preliminary valuation and the final valuation of the Disposal Assets is not significant, the Company and the Purchaser have agreed that no adjustment will be made to the Disposal Consideration as disclosed in the Announcement.

The Disposal Consideration therefore represents approximately 24.89% discount to the valuation of the Disposal Assets as set out in the Disposal Valuation Report. The discount was applied after arms' length negotiation between the Company and the Purchaser and taking into consideration various factors such as rationale for the Proposed Disposal and the fact that no offer for the Tuas Property was received by the Company.

The valuation of the Disposal Assets was arrived at based on cost approach using summation method. The valuation was conducted in accordance with the International Valuation Standards published by the International Valuation Standards Council.

Shareholders are advised to read and consider the Disposal Valuation Report issued by the Independent Valuer in respect of the valuation of the Disposal Assets carefully, in particular the terms of reference, key assumptions and critical factors. The Disposal Valuation Report is set out in Appendix B to this Circular.

5.4.4 Conditions Precedent

The Disposal Completion is conditional upon certain conditions precedent (the "**Disposal Conditions**") having been satisfied or waived (as the case may be), including:

- (a) all authorisations (whether governmental, corporate or otherwise or from financial institutions or any third parties) which are necessary to be obtained in connection with the Proposed Disposal being granted or obtained, and the same remaining in full force and effect and not being withdrawn or amended on or before the completion of the Proposed Disposal, and to the extent that such authorisations are subject to any conditions required to be

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fulfilled before the completion of the Proposed Disposal, all such conditions having been duly so fulfilled;

- (b) approval of the board of directors and independent Shareholders of the Company having been obtained for the transactions contemplated pursuant to or in connection with the Proposed Disposal as an interested person transaction under Chapter 9 of the Catalist Rules and a major transaction under Chapter 10 of the Catalist Rules, and approval of the shareholders of the Company having been obtained for the change of name of the Company to a name which shall not include the words "Pan Asian Holdings";
- (c) an unqualified opinion from the independent financial adviser stating that the terms of the Proposed Disposal, being an interested person transaction, is on normal commercial terms and is not prejudicial to the interests of the Company and minority Shareholders;
- (d) the Covenantor having sold its entire shareholding in the Company and the proceeds from such sale to be made out to the Company in the form of cashier's orders in the manner as set out in the Disposal SPA. This will be applied towards the settlement of the Disposal Consideration; and
- (e) the parties to the Disposal SPA not having received notice of any injunction or other order, directive or notice restraining or prohibiting the consummation of the transactions contemplated by the Disposal SPA, and there being no action seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such injunction, other order or action which is threatened.

If all of the Disposal Conditions (save for those compliance with which has been waived in accordance with the terms of the Disposal SPA) have not been fulfilled on or before 5.00 p.m. on the date falling four (4) months from the date of the Disposal SPA, the Disposal SPA shall lapse and no party shall have any claim against any other party under it, save as otherwise provided in the Disposal SPA and for any claim arising from antecedent breaches of the Disposal SPA.

The Company understands from the Covenantor that it has appointed Soochow CSSD Capital Markets (Asia) Pte. Ltd. as placement agent to procure purchases for the Covenantor's entire shareholding in the Company ("**Placement**") and that the Placement will be carried out on the following terms: (a) no placee will hold directly or indirectly fifteen per cent. (15%) or more of the Shares consequent to the Placement; (b) no new director will be appointed to the Board of the Company pursuant to the Placement and (c) the proceeds from the Placement will be applied towards the settlement of the Disposal Consideration.

5.4.5 Disposal Completion

The Disposal Completion shall take place on the third (3rd) Business Day after the date on which all of the conditions precedent under the Disposal SPA have been fulfilled or otherwise waived in accordance with the terms of the Disposal SPA.

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5.4.6 Warranties, Indemnity and Guarantee

Pursuant to the Disposal SPA, the Company has not provided the Purchaser and the Covenantor with any representations or warranties in respect of the Disposal Assets other than in respect of the Company's capacity and authority to enter into the Disposal SPA.

The Purchaser and the Covenantor will jointly and severally indemnify the Company, its officers and agents against any and all loss, damage, cost or expense (including legal costs on a full indemnity basis) that they may suffer or incur in relation to any claim made by any third party concerning any of the Disposal Assets, arising from and/or occasioned by any and all matters occurring after the Disposal Completion.

The Covenantor has also provided a guarantee to the Company that it irrevocably and unconditionally guarantees the due and punctual performance of the Purchaser's obligations under the Disposal SPA.

5.5 Use of Proceeds from the Proposed Disposal

The Company will use 100% of the proceeds from the Proposed Disposal to finance the Proposed Acquisition.

The Company will make periodic announcement(s) as to the use of the proceeds from the Proposed Disposal, as and when such proceeds are materially disbursed and whether such use of proceeds is in accordance with the stated use and percentage allocated. The Company will also provide a status report on the use of such proceeds in the Company's interim and full-year financial statements and/or its annual report(s). Where there is any material deviation from the stated use of such proceeds, the Company will announce the reasons for such deviation.

5.6 Relative Figures Computed on the Bases Set Out in Rule 1006 of the Catalist Rules

Based on the latest announced consolidated financial statements of the Group (being the audited financial statements for FY2021), the relative figures in relation to the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

Rule 1006	Bases of Calculation	Relative Figure (%) ⁽¹⁾
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	100 ⁽²⁾
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	(100) ⁽³⁾
(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.	65.14 ⁽⁴⁾
(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.	N.A. ⁽⁵⁾

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Rule 1006	Bases of Calculation	Relative Figure (%) ⁽¹⁾
(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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.	N.A. ⁽⁶⁾

Notes:

- (1) The relative figures are computed on the assumption that the Proposed Acquisition has been completed immediately prior to the completion of the Proposed Disposal.
- (2) The net asset value of the Disposal Assets as at 31 December 2021 is S\$14,477,000 based on the Group's latest announced financial statements for FY2021, compared with the Group's net asset value as at 31 December 2021 of S\$14,477,000 based on the Group's latest announced financial statements for FY2021.
- (3) The net losses attributable to the Disposal Assets for the financial year ended 31 December 2021 was S\$474,000 based on the Group's latest announced financial statements for FY2021. The net loss attributable to the Group for the same financial year was S\$474,000 based on the Group's latest announced financial statements for FY2021.
- (4) The Disposal Consideration of S\$12 million for the Disposal Assets, compared with the Company's market capitalisation of approximately S\$18 million. The market capitalisation of the Company is computed based on the issued share capital of the Company of 214,202,036 shares and the volume weighted average price of S\$0.086 per share on 22 April 2022, being the last market day preceding the date of the Disposal SPA. The Company does not have any treasury shares.
- (5) Not applicable as no equity securities have been issued by the Company for the Proposed Disposal.
- (6) Not applicable as the Company is not a mineral, oil and gas company.

Under Rule 1014 of the Catalist Rule, if any of the relative figures computed on the bases set out in Rule 1006 exceeds fifty per cent. (50%), the transaction is classified as a major transaction that must be made conditional upon approval by Shareholders in general meeting.

As the relative figures for the Proposed Disposal as computed on the bases set out in Rule 1006(a), Rule 1006(b) and Rule 1006(c) exceed 50%, the Proposed Disposal is classified as a major transaction. In addition, as the relative figures computed on the base set out in Catalist Rule 1006(b) is regarded as a negative figure under the Catalist Rules, Chapter 10 of the Catalist Rules may still be applicable to the Proposed Disposal in accordance with the applicable circumstances in Practice Note 10A of the Catalist Rules. The Company is disclosing information relating to the Proposed Disposal in accordance with the requirements of Catalist Rules 1010, 1011, 1012 and 1013. The resolution to seek Shareholders' approval for the major transaction is set out in ordinary resolution 3 in the Notice of EGM.

5.7 The Proposed Disposal as an Interested Person Transaction

5.7.1 The Interested Person

The Purchaser is an associate of Mr. Richard Koh Chye Heng, the Executive Chairman and the Controlling Shareholder of the Company and hence, the Purchaser is an "interested person" within the meaning of Chapter 9 of the Catalist Rules. Accordingly, the Proposed Disposal constitutes an "interested person transaction" for the purpose of Chapter 9 of the Catalist Rules.

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5.7.2 Shareholders' Approval

Pursuant to Rule 906(1) of the Catalist Rules, an issuer must obtain shareholders' approval for an interested person transaction of a value equal to, or more than, (a) 5% of the group's latest audited net tangible asset value or (b) 5% of the group's latest audited net tangible asset value, when aggregated with other transactions entered into with the same interested person during the same financial year. Rule 906(1) does not apply to any transaction below \$100,000.

According to Rule 908 of the Catalist Rules, in interpreting the term "same interested person" for the purpose of aggregation in Rule 906 of the Catalist Rules, (1)(a) transactions between (i) an entity at risk and a primary interested person; and (ii) an entity at risk and an associate of that primary interested person, are deemed to be transactions between an entity at risk with the same interested person; and (b) transactions between (i) an entity at risk and a primary interested person; and (ii) an entity at risk and another primary interested person, are deemed to be transactions between an entity at risk with the same interested person if the primary interested person is also an associate of the other primary interested person; (2) transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person.

Rule 909 of the Catalist Rules provides, inter alia, that the value of a transaction is the amount at risk to the issuer. The amount at risk to the Company in respect of the Proposed Disposal is the Disposal Consideration which represents approximately 80.57% of the Group's latest audited net tangible assets of S\$14,893,000 as at 31 December 2021 ("**FY2021 NTA**").

The Group has ongoing interested person transactions in relation to the rental of factory space and equipment in the People's Republic of China from the Covenantor as follows:

- (a) Rental agreement dated 1 July 2020 between Duvalco Valves & Fittings Pte. Ltd. and the Covenantor where Duvalco Valves & Fittings Pte. Ltd. agreed to lease equipment and factory space from the Covenantor at an annual fee of S\$100,000 and S\$300,000 respectively for the period from 1 July 2020 and 30 June 2023; and
- (b) Rental agreement dated 1 July 2020 between MUHR Asia Pte. Ltd. and the Covenantor where MUHR Asia Pte. Ltd. agreed to lease factory space from the Covenantor at an annual fee of S\$200,000 for the period from 1 July 2020 and 30 June 2023.

The rental of factory space by the Group from the Covenantor is a transaction exempted from aggregation under Rule 916 of the Catalist Rules while the rental of equipment ("**Equipment Rental**") is subject to aggregation with the Proposed Disposal pursuant to Rule 906 of the Catalist Rules.

As set out in section 5.2 of this Circular, the Purchaser and the Covenantor are both associates of Mr. Richard Koh Chye Heng, the Executive Chairman and the Controlling Shareholder of the Company, the Equipment Rental and the Proposed Disposal ("**Aggregate IPTs**") are deemed as transactions with the same interested person under Rules 906(1) and 908 of the Catalist Rules, with an aggregate value of approximately S\$12,300,000 (being the aggregate of (a) the total contract value of the Equipment Rental of S\$300,000 for the period from 1 July 2020 and 30 June

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2023 and (b) the Disposal Consideration of S\$12,000,000) for the same FY2022 which represents approximately 82.59% of the FY2021 NTA.

As both the value of the Proposed Disposal and the aggregate value of the Aggregated IPTs exceeds 5.0% of the Group's FY2021 NTA, the Company is required to seek independent Shareholders' approval for the Proposed Disposal as an interested person transaction under Chapter 9 of the Catalist Rules.

Save for the Aggregate IPTs as disclosed above, the Company has not entered into any other interested person transactions with the Purchaser, the Covenantor, their respective associates or such person which would be regarded as same interested person as the Purchaser or the Covenantor during the FY2022.

Pursuant to Rule 919 of the Catalist Rules, an interested person and its associates shall abstain from voting on the resolution approving the interested person transaction involving themselves and their associates. Such interested person and their associates shall also not act as proxies in relation to such resolutions unless specific voting instructions have been given by shareholders.

Accordingly, Mr. Richard Koh Chye Heng has disclosed his interests in the Proposed Disposal and the Purchaser, the Covenantor, Mr. Richard Koh Chye Heng and their respective associates will abstain from deliberating and voting on the ordinary resolution 3 in relation to the Proposed Disposal at the EGM. They will not accept any appointment as proxy for the ordinary resolution 3 in relation to the Proposed Disposal at the EGM unless specific voting instructions have been given by Shareholders.

5.7.3 IFA Opinion on the Proposed Disposal

Pursuant to Rule 921(4)(a) of the Catalist Rules, the Company has appointed the IFA to advise the Independent Directors, on whether the Proposed Disposal is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

The IFA's opinion is extracted from paragraph 6 of the IFA Letter and set out in italics as follows and capitalised terms used within these reproduced statements bear the meanings defined for them in the IFA Letter:

"Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Disposal (and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Catalist Rules)."

"We set out below a summary of the key factors we have taken into our consideration of the Proposed Disposal:

- (a) the Disposal Consideration is below the valuation of the Disposal Assets and the NAV of the Group;*
- (b) the P/Valuation ratio, the adjusted P/Valuation ratio, the P/NAV ratio and P/RNAV ratio of the Disposal Assets are 0.75 times, 0.86 times, 0.81 times and 0.86 times, respectively;*
- (c) when compared against the Comparable Companies, the P/Valuation ratio, the adjusted P/Valuation ratio, the P/NAV ratio and P/RNAV ratio of the Disposal Assets as implied by the Disposal Consideration are within the range but below the mean and median P/NAV ratios of the Comparable Companies. It should be noted that all of the Comparable Companies are profit making whereas the Disposal Assets registered loss for its most recently completed financial year;*

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- (d) *the EV/EBITDA ratios of the Disposal Assets (whether based on EBITDA or adjusted EBITDA as set out in paragraph 4.2.3 of this IFA Letter) are within the range and higher than the mean and median EV/EBITDA ratios of the Comparable Companies. After excluding Comparable Companies with market capitalisation below S\$5 million and above S\$100 million, the EV/EBITDA ratios of the Disposal Assets (whether based on EBITDA or adjusted EBITDA) are higher than the range of the remaining Comparable Companies;*
- (e) *while the valuation statistics of the Disposal Assets implied by the Disposal Consideration are lower than the valuation statistics of the Group based on its last transacted price prior to the Latest Practicable Date, the valuation statistics of the Group, which is based on the closing price of S\$0.088 per Share as at the Latest Practicable Date, may be a reflection of the market's positive reaction to the Proposed Transactions rather than the actual value of the Group;*
- (f) *the closing price of the Shares have trended upwards after the Share Transaction on 21 June 2021;*
- (g) *the rationale for the Proposed Disposal, principally that the Board believes that given the uncertainties prevailing in the current global economic outlook, it is prudent to take active steps to reposition the Group; and*
- (h) *other consideration as set out in paragraph 4.5 of this IFA Letter.*

Please also refer to paragraph 5 of this IFA Letter for our evaluation of the interested person transaction in relation to the rental of equipment from the Covenantor which is a subject of aggregation pursuant to Rule 906 of the Catalist Rules.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, the Proposed Disposal (and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Catalist Rules) is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders."

The IFA Letter is reproduced and appended in its entirety as **Appendix C** to this Circular and Shareholders are advised to read the IFA Letter in its entirety carefully.

5.7.4 **Statement of the Audit Committee on the Proposed Disposal**

The Audit Committee, having considered and reviewed, *inter alia*, the terms of, rationale for and benefits of the Proposed Disposal, the Disposal Valuation Report, as well as the advice and opinion of the IFA as set out in the IFA Letter, concurs with the IFA and is of the opinion that the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

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5.8 Financial Effects of the Proposed Transactions

The pro forma financial effects of the Proposed Transactions have been prepared based on the consolidated audited financial statements of the Group for FY2021, and the following assumptions:

- (a) the pro forma financial effects of the Proposed Transactions on the share capital, NTA per Share, loss per Share and gearing of the Group are set out below and are prepared purely for illustration only and do not reflect the actual future financial situation of the Company or the Group after the completion of the Proposed Transactions;
- (b) for the purposes of computing the effect of the Proposed Transactions on the NTA per Share, it is assumed that the Proposed Disposal and the Proposed Acquisition had been completed on 31 December 2021;
- (c) for the purposes of computing the effect of the Proposed Transactions on the loss per Share, it is assumed that the Proposed Disposal and the Proposed Acquisition had been completed on 1 January 2021; and
- (d) the total expenses in relation to the Proposed Transactions represents less than 5% of the NTA of the Group and are negligible.

5.8.1 Share Capital

	Before the Proposed Transactions	After the Proposed Acquisition before the Proposed Disposal	After the Proposed Transactions
Issued share capital	S\$15,299,820	S\$15,299,820	S\$15,299,820
Number of Shares	214,202,036	214,202,036	214,202,036

5.8.2 NTA

	Before the Proposed Transactions	After the Proposed Acquisition before the Proposed Disposal	After the Proposed Transactions
NTA	S\$14,893,000	S\$15,828,194	S\$935,194
Number of Shares	214,202,036	214,202,036	214,202,036
NTA per Share	6.95 cents	7.39 cents	0.44 cents

5.8.3 Loss per share

	Before the Proposed Transactions	After the Proposed Acquisition before the Proposed Disposal	After the Proposed Transactions
Net loss after tax	S\$(474,000)	S\$(419,286)	S\$(2,838,286) ⁽ⁱ⁾
Loss per Share	0.22 cents	0.20 cents	1.33 cents

Note:

- (i) Pro forma effects from the Proposed Transactions (assuming a valuation of S\$12.8 million as at 1 January 2021 for the properties held by the Group comprising the

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Tuas Property, the three units in CT Hub and a freehold property in Malaysia) and taking into consideration the loss on disposal of approximately S\$2.89 million to the Group.

5.8.4 Gearing

	Before the Proposed Transactions	After the Proposed Acquisition before the Proposed Disposal	After the Proposed Transactions
Net debt	S\$2,428,000	S\$2,277,734	NA ⁽ⁱ⁾
Shareholders' equity	S\$14,893,000	S\$14,893,000	S\$14,893,000
Net gearing ratio (times)	6.13	6.54	NA ⁽ⁱ⁾

Note:

- (i) The amount of cash and cash equivalent is more than the amount of total borrowings.

6. PROPOSED CHANGE OF NAME

6.1 Approvals

The Proposed Change of Name will be proposed as a special resolution at the EGM and is subject to Shareholders' approval. The Company's application to reserve the proposed new name "Sevens Atelier Limited" has been approved by ACRA on 11 May 2022. The proposed new name has been reserved for 120 days from the date of ACRA's approval and no further extension of name reservation would be allowed.

Subject to the approval of Shareholders of the special resolution relating to the Proposed Change of Name at the EGM and registration by ACRA, the Company will lodge the requisite statutory returns with ACRA to effect the Change of Name of the Company from "Pan Asian Holdings Limited" to "Sevens Atelier Limited". Upon the lodgement of the requisite statutory returns with ACRA, the Company shall adopt the name "Sevens Atelier Limited" as its new name and the name "Sevens Atelier Limited" shall replace all references to "Pan Asian Holdings Limited", wherever such references appear in the Constitution. Apart from the substitution of the Company's name, no amendments will be made to the Constitution.

The Company will make an announcement when its change of name takes effect. The Proposed Change of Name will not affect (i) the identity and legal status of the Company, (ii) any of the rights or obligations of the Company, (iii) any of the rights of Shareholders or (iv) the Group's daily business operations and financial position. The existing Shares will continue to be traded on the SGX-ST.

6.2 Existing Share Certificates

Shareholders should note that notwithstanding the change of the Company's name, the Company will not recall existing share certificates bearing the current name of the Company and such share certificates will continue to be prima facie evidence of legal title. No further action is required on the part of Shareholders in respect of their existing share certificates.

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7. SERVICE CONTRACTS

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

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and the Substantial Shareholders in the share capital of the Company as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	No. of Shares	(%)(¹)	No. of Shares	(%)(¹)
Director				
Mr. Richard Koh Chye Heng(²)	-	-	109,137,500	50.95
Ms. Lim Xiu Fang, Vanessa(³)	-	-	56,000,000	26.14
Mr. Thomas Lam Kwong Fai	-	-	-	-
Mr. Wu Yu Liang	-	-	-	-
Mr. Lawrence Chen Tse Chau	-	-	-	-
Substantial Shareholders (other than Directors)				
Xu Jia Zu Holdings Pte. Ltd.(²)	109,137,500	50.95	-	-
Lim Wei Zhi Sylvester	56,000,000	26.14	-	-
Mr. Koh Eddie(⁴)	-	-	109,137,500	50.95

Notes:

(1) Computed based on 214,202,036 Shares in issue in the Company.

(2) Mr. Richard Koh Chye Heng is deemed to have an interest in the Shares held by Xu Jia Zu Holdings Pte. Ltd. by virtue of his holding more than 20% of the total issued shares in Xu Jia Zu Holdings Pte. Ltd. Mr. Richard Koh Chye Heng is holding 1 golden share in Xu Jia Zu Holdings Pte. Ltd. and by virtue of Xu Jia Zu Holdings Pte. Ltd.'s constitution, he is deemed to have the ability to exercise dominant influence over Xu Jia Zu Holdings Pte. Ltd. as well as the Company.

(3) Ms Lim Xiu Fang, Vanessa is deemed to be interested in the shares held by her brother, Lim Wei Zhi Sylvester.

(4) Mr. Koh Eddie is deemed to have an interest in the Shares held by Xu Jia Zu Holdings Pte. Ltd. by virtue of his holding of more than 20% of the total issued shares in Xu Jia Zu Holdings Pte. Ltd.

Save as set out in this Circular, none of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Transactions (other than through their shareholdings (if any) in the Company).

9. DIRECTORS' RECOMMENDATIONS

Having considered, *inter alia*, the terms and conditions of and rationale for the Proposed Transactions, the statement of the Audit Committee and the opinion of the IFA, the Directors (save for Ms. Lim Xiu Fang, Vanessa who has abstained from making any recommendation in respect of the Proposed Acquisition and Mr. Richard Koh Chye Heng who has abstained from making any recommendation in respect of the Proposed Disposal) are of the view that

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the Proposed Transactions are in the interests of the Company and are not prejudicial to the interests of the Shareholders.

Accordingly, the Directors (save for Ms. Lim Xiu Fang, Vanessa who has abstained from making any recommendation in respect of the Proposed Acquisition and Mr. Richard Koh Chye Heng who has abstained from making any recommendation in respect of the Proposed Disposal) recommend that Shareholders vote in favour of resolutions relating to the Proposed Transactions, as set out in the Notice of EGM.

Shareholders are advised to exercise caution in trading their Shares as the Proposed Transactions are subject to certain conditions precedent and there is no certainty or assurance as at the date of this Circular that all of the conditions precedent will be satisfied (or waived, as the case may be), or that the Proposed Transactions will be completed. Shareholders are advised to read this Circular and any announcements by the Company carefully. Shareholders should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have doubt about the actions they should take.

10. ABSTENTION FROM VOTING

As disclosed in the Announcement, the Target Group was identified by Ms. Lim Xiu Fang, Vanessa through her network of connections. Ms. Lim Xiu Fang, Vanessa's family is engaged in the real estate business though she does not hold any executive role or equity interest in the family business. Accordingly, given her role and involvement in identifying the Target Group, Ms. Lim Xiu Fang, Vanessa and her associates (including her sibling, Mr. Lim Wei Zhi Sylvester) will abstain from voting on the resolution approving the Proposed Acquisition. In addition, Ms. Lim Xiu Fang, Vanessa and her associates (including her sibling, Mr. Lim Wei Zhi Sylvester) will not accept appointment as proxy for any Shareholder to vote in respect of the Proposed Acquisition, unless the Shareholder concerned shall have given specific instructions in his proxy form as to the manner in which his votes are to be cast.

In accordance with Rule 919 of the Catalist Rules, the Purchaser, the Covenantor and Mr. Richard Koh Chye Heng will abstain, and will undertake to ensure that their respective Associates, will abstain, from voting on the resolution approving the Proposed Disposal. In addition, the Purchaser, the Covenantor, Mr. Richard Koh Chye Heng and their respective Associates will also decline to accept appointment as proxy for any Shareholder to vote in respect of the Proposed Disposal, unless the Shareholder concerned shall have given specific instructions in his proxy form as to the manner in which his votes are to be cast.

11. EXTRAORDINARY GENERAL MEETING

11.1 Date and time of EGM

The EGM, notice of which is set out on pages N-1 to N-4 of this Circular, will be held by electronic means on 14 June 2022, at 10 a.m., for the purpose of considering, and if thought fit, passing with or without any modifications, the resolutions to approve the Proposed Transactions set out in the Notice of EGM.

11.2 No attendance at EGM

The EGM will be held by way of electronic means. Accordingly, Shareholders will not be able to attend the EGM in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate in the EGM by:

- (a) watching the EGM proceedings via "live" audio-and-video webcast or listening to the EGM proceedings via "live" audio-only stream;

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- (b) submitting questions in advance of the EGM;
- (c) having their questions addressed at a virtual information session (“**VIS**”) to be held prior to the closing date and time for the lodgement of the proxy forms prior to the EGM; and/or
- (d) voting by appointing the Chairman as proxy at the EGM. Please refer to section 13.1 of this Circular for further details on the alternative arrangements.

In addition, Shareholders should note that the Company may make further changes to its EGM arrangements (including but not limited to any applicable alternative arrangements as may be prescribed or permitted (as the case may be) under the COVID-19 Act and any regulations promulgated thereunder (including the COVID-19 Order) as well as other guidelines issued by the relevant authorities) as the situation evolves. Shareholders are advised to keep abreast of any such changes as may be announced by the Company from time to time on SGXNet.

12. **NO DESPATCH OF PRINTED COPIES OF CIRCULAR, NOTICE OF EGM, PROXY FORM AND QUESTIONS FORM**

In line with the provisions under the COVID-19 Order, no printed copies of this Circular, the Notice of EGM, the Proxy Form and the Questions Form in respect of the EGM will be despatched to Shareholders. Copies of this Circular, the Notice of EGM, the Proxy Form and the Questions Form have been uploaded on SGXNet and are now also available on the Company’s website at the URL <http://www.panasian.com.sg/investors-media-menu/announcements>. A Shareholder will need an Internet browser and PDF reader to view these documents on SGXNet and the Company’s designated website. Shareholders are advised to read this Circular carefully in order to decide whether they should vote in favour of or against the resolutions in relation to the Proposed Transactions to be proposed at the EGM.

13. **ACTIONS TO BE TAKEN BY SHAREHOLDERS**

13.1 **Alternative Arrangements**

Alternative arrangements have been put in place to allow Shareholders to participate at the EGM as follows:

(a) **Registration to attend the EGM**

The Chairman of the EGM will conduct the proceedings of the EGM by way of electronic means.

Shareholders will be able to watch these proceedings through a “live” audio-and-video webcast via their mobile phones, tablets or computers or listen to these proceedings through a “live” audio-only stream via telephone.

In order to do so, Shareholders must follow these steps:

- (i) Shareholders, CPFIS Investors and SRS Investors who wish to follow the proceedings through a “live” audio-and-video webcast via their mobile phones, tablets or computers or listen to the proceedings through a “live” audio-only stream via telephone must pre-register at <https://globalmeeting.bigbangdesign.co/panasian2022egm/> no later than 10 a.m. on 11 June 2022 (the “**Registration Deadline**”). Following verification, an email containing instructions on how to access the “live” audio-and-video webcast and “live” audio-only stream of the proceedings of the EGM will be sent

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to authenticated Shareholders, CPFIS Investors and SRS Investors by 12 p.m. on 13 June 2022.

- (ii) Shareholders, CPFIS Investors and SRS Investors who do not receive any email by 12 p.m. on 13 June 2022, but have registered by the Registration Deadline, should contact the Company's Share Registrar, B.A.C.S. Private Limited at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896 stating: (A) the Shareholder's full name; and (B) the Shareholder's identification/registration number.
- (iii) Investors holding Shares through relevant intermediaries (as defined in Section 181 of the Companies Act) ("**Investors**") (other than CPFIS Investors and SRS Investors) will not be able to pre-register at <https://globalmeeting.bigbangdesign.co/panasian2022egm/> for the "live" broadcast of the EGM. An Investor (other than CPFIS Investors and SRS Investors) who wishes to participate in the "live" broadcast of the EGM should instead approach his/her relevant intermediary as soon as possible in order for the relevant intermediary to make the necessary arrangements to pre-register. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) to the Company's Share Registrar, B.A.C.S. Private Limited, via email to main@zicoholdings.com no later than 10 a.m. on 11 June 2022.

(b) Submission of questions in advance for the VIS and the EGM or asking questions "live" at the VIS

Shareholders and Investors will not be able to ask questions "live" during the broadcast of the EGM, but will be able to via an online chat box function during the VIS to be held prior to the EGM. Shareholders and Investors who pre-register to watch the "live" audio-and-video webcast or listen to the "live" audio-only stream of the EGM may submit questions related to the resolutions into be tabled for approval for the EGM by submitting the completed Questions Form in advance of the VIS or the EGM:

- (i) All Questions Forms must be submitted in the following manner:
 - (A) if submitted electronically, be submitted via email to the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com; or
 - (B) if submitted by post, be lodged at the registered office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896,

in either case, by **10 a.m. on 31 May 2022** for the purposes of the VIS (the "**VIS Questions Deadline**") or by **10 a.m. on 8 June 2022** for the purposes of the EGM (being 72 hours before the closing time for the lodgement of the proxy forms prior to the EGM).

The Company will endeavour to address all substantial and relevant questions:

- (C) received by the VIS Questions Deadline during the VIS (see Section 13.1(b)(iii) below for further information), and will also publish the minutes, or provide a link for Shareholders and Investors to access a recording of the VIS, by **7 June 2022** (see Section 13.1(b)(iv) below for further information); and
- (D) received after the VIS Questions Deadline, either before the EGM on SGXNet at the URL <https://www.sgx.com/securities/company->

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announcements and the Company's website at the URL <http://www.panasian.com.sg/investors-media-menu/announcements> or during the EGM.

- (ii) The Questions Form may be accessed and downloaded from the Company's website at the URL <http://www.panasian.com.sg/investors-media-menu/announcements> and on SGXNet.

VIS

- (iii) A VIS will be held for Shareholders and Investors prior to the EGM, at **10 a.m. on 6 June 2022** where the Company will endeavour to address all substantial and relevant questions received by the VIS Questions Deadline from Shareholders and Investors in relation to the resolutions to approve the Proposed Transactions as set out in the Notice of EGM. Shareholders and Investors will also be able to ask questions "live" via the online chat box function during the VIS.

In order to participate in the VIS, Shareholders and Investors must follow these steps:

- (A) Shareholders and Investors who wish to participate in the VIS through a "live" audio-and-video webcast via their mobile phones, tablets or computers or listen to the proceedings of the VIS through a "live" audio-only stream via telephone must pre-register no later than **10 a.m. on 2 June 2022** (the "**VIS RSVP Deadline**"). The weblink for pre-registration for the VIS is <https://globalmeeting.bigbangdesign.co/panasian2022egm/>.

Pre-registration for the VIS is compulsory and any registration received after the VIS RSVP Deadline will not be accepted.

- (B) As the VIS is being held only for Shareholders and Investors, Shareholders, CPFIS Investors and SRS Investors are required to submit an electronic copy of the latest proof of their shareholdings in the Company ("**Company Shareholdings**") for verification purposes when they pre-register, failing which, they will not be provided with the login details for the "live" audio-and-video webcast or the "live" audio-only stream of the VIS. Investors (other than CPFIS Investors and SRS Investors) who hold Shares through relevant intermediaries will not be able to pre-register for the VIS and should instead approach his/her relevant intermediary as soon as possible for the relevant intermediary to make the necessary arrangements to pre-register. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) to the Company's Share Registrar, B.A.C.S. Private Limited, via email to main@zicoholdings.com no later than **10 a.m. on 2 June 2022**, failing which, they will not be provided with the login details for the "live" audio-and-video webcast or the "live" audio-only stream of the VIS. A Shareholder who is a corporation may appoint one representative by submitting an authorisation letter (on the corporation's letterhead) authorising its named representative to attend the "live" audio-and-video webcast or "live" audio-only stream of the VIS on its behalf and indicate the details as required during the pre-registration process for the VIS. A Shareholder who is a corporation is also required to submit an electronic copy of the latest proof of its Company Shareholdings for verification purposes when it pre-registers for the VIS, failing which, it will not be provided with the login details for the "live" audio-and-video webcast or the "live" audio-only stream for the VIS.

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- (C) Following verification, an email containing login details and instructions on how to access the “live” audio-and-video webcast or the “live” audio-only stream for the VIS will be sent to authenticated Shareholders and Investors prior to the VIS.
 - (D) Each set of login details will only allow one person to login during the “live” audio-and-video webcast or the “live” audio-only stream for the VIS. Multiple logins using the same set of login details are not allowed. Shareholders and Investors are not permitted to appoint a proxy to join the “live” audio-and-video webcast or the “live” audio-only stream for the VIS on their behalf.
- (iv) The Company will publish the minutes, or provide a link for Shareholders and Investors to access the recording of the VIS on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <http://www.panasian.com.sg/investors-media-menu/announcements> by 7 June 2022.

Post-VIS Arrangements

- (v) The Company will endeavour to address any further substantial and relevant clarifications or follow-up questions received from Shareholders and Investors after the VIS Questions Deadline but by **10 a.m. on 8 June 2022** either before the EGM on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <http://www.panasian.com.sg/investors-media-menu/announcements> or during the EGM.
- (vi) The Company will also, within one (1) month after the date of the EGM, publish the minutes of the EGM on SGXNet and the Company's website, and the minutes will include the responses to the questions referred to above.
- (vii) Please note that Shareholders and Investors will not be able to ask questions at the EGM “live” during the webcast and the audio feed, and therefore it is important for Shareholders to submit their Questions Forms in advance of the EGM in accordance with the foregoing instructions.

Shareholders and Investors are strongly encouraged to submit their completed Questions Forms electronically via email.

(c) Voting by proxy only

Shareholders will not be able to vote online on the resolutions to be tabled for approval at the EGM. Instead, if Shareholders (whether individual or corporate) wish to exercise their votes, they must submit a Proxy Form to appoint the **Chairman of the EGM** to vote on their behalf:

- (i) Shareholders (whether individual or corporate) appointing the Chairman of the EGM as proxy must give specific instructions as to his manner of voting, or abstentions from voting, in the Proxy Form, failing which the appointment will be treated as invalid.
- (ii) The Proxy Form must be submitted to the Company in the following manner:
 - (A) if submitted electronically, be submitted via email to the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com; or

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- (B) if submitted by post, be lodged at the registered office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896,

in either case, by **10 a.m. on 11 June 2022** (being 72 hours before the time appointed for holding the EGM).

- (iii) The Proxy Form may be accessed and downloaded from the Company's website at the URL <http://www.panasian.com.sg/investors-media-menu/announcements> and on SGXNet.
- (iv) Investors (other than CPFIS Investors and SRS Investors) who wish to vote should approach his/her relevant intermediary by **10 a.m. on 3 June 2022, being at least seven (7) working days before the date of the EGM**, to specify his/her voting instructions. CPFIS Investors and SRS Investors who wish to exercise their votes by appointing the Chairman of the EGM as proxy should approach their respective relevant intermediaries (including their respective CPF Agent Banks or SRS Agent Banks) to submit their voting instructions by **10 a.m. on 3 June 2022, being at least seven (7) working days before the date of the EGM**, in order to allow sufficient time for their respective relevant intermediaries to in turn submit a Proxy Form to appoint the Chairman of the EGM to vote on their behalf by **10 a.m. on 11 June 2022** (being 72 hours before the time appointed for holding the EGM).

13.2 Depositor not Shareholder

A Depositor will not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless he is shown to have Shares entered against his name in the Depository Register as certified by CDP to the Company at least 72 hours before the time fixed for the EGM.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transactions (other than the Target Group), the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

Information relating to the Target Group and the Vendor disclosed herein is based on the information provided by the Target Group and the Vendor. The sole responsibility of the Directors has been to ensure that such information has been accurately reproduced in this Circular.

15. CONSENTS

15.1 Independent Valuer

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and the inclusion of the Acquisition Valuation

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Report in Appendix A of this Circular and the Disposal Valuation Report in Appendix B of this Circular, respectively, and to act in such capacity in relation to this Circular.

15.2 IFA

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, and the inclusion of the IFA Letter in Appendix C of this Circular, and to act in such capacity in relation to this Circular.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Subject to prevailing regulations, orders, advisories and guidelines relating to safe distancing which may be issued by the relevant authorities, copies of the following documents will be made available for inspection by Shareholders during normal business hours from 9:00 a.m. to 5:00 p.m. at the Company's registered office at 2 Kallang Ave, #05-19 CT Hub, Singapore 339407 from the date of this Circular up to and including the time and date of the EGM:

- (a) the Constitution;
- (b) the Acquisition SPA;
- (c) the Disposal SPA;
- (d) the annual report of the Company for FY2021;
- (e) the Disposal Valuation Report;
- (f) the Acquisition Valuation Report;
- (g) the IFA Letter;
- (h) the consent letters from the Independent Valuer and the IFA; and
- (i) the approval of ACRA for the Company's application for the reservation of the name "Sevens Atelier Limited".

Yours faithfully
for and on behalf of the Board of Directors of
PAN ASIAN HOLDINGS LIMITED

Richard Koh Chye Heng
Executive Chairman

**APPENDIX A – VALUATION REPORT IN RESPECT OF THE TARGET GROUP
IN CONNECTION WITH THE PROPOSED ACQUISITION**



Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
Tel +852 2846 5000 Fax +852 2169 6001
Company Licence No.: C-030171

18 May 2022

The Board of Directors
Pan Asian Holdings Limited
2 Kallang Avenue,
#05-19 CT Hub,
Singapore 339407

Dear Sirs,

In accordance with the instructions from Pan Asian Holdings Limited (the “**Company**”), Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“**JLL**”) has undertaken a valuation exercise which requires us to express an independent opinion on the market value of 100% equity interest in Sevens Creation Pte. Ltd. (the “**Target Company**”) as at 30 November 2021 (the “**Valuation Date**”). The report which follows is dated 18 May 2022 (the “**Report Date**”). The purpose of this valuation is to express an independent opinion for the Company’s internal reference and inclusion in its circular.

Our valuation was carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

BACKGROUND

The Target Company is a company incorporated in Singapore and specializes in design & build, redevelopment, interior design and renovation services for all landed residential properties.

The Subject of this valuation is being 100% equity interest in Sevens Creation Pte. Ltd. (the “**Subject**”).

FINANCIAL PERFORMANCE OF THE TARGET COMPANY

Revenue

The Target Company’s revenue was SGD 296,000 and SGD 5,882,840 for 31 December 2020 and the period between 1 January 2021 and 30 November 2021 respectively.

EBITDA margin

The EBITDA margin for 31 December 2020 and the period between 1 January 2021 and 30 November 2021 was 26.97% and 26.82% respectively.

Calculation of Trailing 12-month EBITDA (Amounts in SGD)

EBITDA (Dec'20)	79,817
EBITDA (Jan'21 to Nov'21)	1,707,186
Trailing 12-month EBITDA as at the Valuation Date	1,787,003

Earnings before tax

Based on management's accounts of the Target Company for 31 December 2020 and the period between 1 January 2021 and 30 November 2021, the Target Company's earnings before tax are SGD 79,817 and SGD 1,566,479.

SOURCES OF INFORMATION

In conducting our valuation of the Subject, we have reviewed information including, but not limited to:

- Background of the Target Company;
- Historical financial information of the Target Company from December 2020 to year 2021; and
- Other operation and market information in relation to the business of the Target Company.

We have held discussions with management of the Company and conducted market research from public sources to assess the reasonableness and fairness of information provided. We assumed such information to be reliable and legitimate, and we have relied to a considerable extent on the information provided in arriving at our conclusion of value.

BASIS OF OPINION

We have conducted our valuation in accordance with International Valuation Standards issued by International Valuation Standards Council ("IVSC"). The valuation procedures employed include a review of legal status and economic condition of the Target Company and an assessment of key assumptions, estimates and representations made by the proprietor or the operator of the Target Company. All matters we consider essential to the proper understanding of the valuation are disclosed in this valuation report.

The following factors form an integral part of our basis of opinion:

- The economic outlook in general;
- The nature of business and history of the operation concerned;
- The financial condition of the Subject;
- Market-driven investment returns of companies engaged in similar lines of business;
- Financial and business risk of the business including continuity of income and the projected future results;
- Consideration and analysis on the micro and macro economy affecting the business of the Subject;
- Analysis on tactical planning, management standard and synergy of the Subject; and
- Assessment of the leverage of the Subject.

We planned and performed our valuation so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to express our opinion on the valuation of the Subject.

VALUATION METHODOLOGY

In arriving at our assessed value, we have considered three generally accepted approaches, namely market approach, cost approach and income approach.

Market Approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of the hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market. Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the subject assets.

Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long-time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

To select the most appropriate approach, we have considered the purpose of the valuation and the resulting basis of value as well as the availability and reliability of information provided to us to form perform an analysis. We have also considered the relative advantages and disadvantages of each approach to the nature and circumstances of this Subject. In our opinion, the cost approach is inappropriate for valuing the Subject, as it does not directly incorporate information about the economic benefits contributed by the Subject. The income approach is inappropriate as this approach require long-term financial projection of the Target Company which may be subjective in nature. Hence, the market approach is adopted in this valuation.

There are two common methods under market approach, namely, guideline public company method and guideline transaction method. Guideline public companies method requires identifying suitable guideline public companies and selection of appropriate trading multiples, while guideline transaction

method takes reference to recent mergers and acquisitions transaction between unrelated parties and ratio of transaction price to target company's financial parameters.

In this valuation exercise, the market value of the 100% equity interest of the Target Company was developed through the guideline public company method. The guideline transaction method is not adopted due to lack of recent market transactions with similar nature as the Target Company. The guideline public company method requires the research of comparable companies' benchmark multiples and selection of an appropriate multiple. We have identified an appropriate multiple and a number of suitably comparable companies for the valuation.

In this valuation, we have considered the following commonly used benchmark multiples:

PRICE TO EARNINGS RATIO

Price-to-earnings ratio (the "**P/E Multiple**"), which is computed as share price dividend by earning per share, is the most commonly used multiple since investors want to know how profitable a company is, hence earnings are important for valuing a company's stock. This multiple has the limitations that it cannot be used to value loss-making companies, and fail to overcome the distortions caused by different accounting policies and capital structures.

PRICE TO BOOK RATIO

Price-to-book ratio (the "**P/B Multiple**"), which is computed as the proportion of share price to book value per share, is common to value companies within asset intensive industries. However, since book value captures only the tangible assets of a company, a company's intangible assets as well as company-specific competencies and advantages are not captured in the P/B Multiple.

PRICE TO SALES RATIO

Price-to-sales ratio (the "**P/S Multiple**"), which is estimated by dividing share price by sales per shares, is commonly used to value early-stage or loss-making companies. A shortcoming of this multiple is that it ignores the cost structure and hence the profitability of a company.

ENTERPRISE VALUE TO EARNING BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION RATIO

A firm's enterprise value is equal to its equity value plus its debt less any cash. Enterprise value to earning before interest, tax, depreciation and amortization ratio (the "**EV/EBITDA Multiple**"), which is estimated by dividing enterprise value by earning before interest, tax, depreciation and amortization, allows direct comparison of firms regardless of their difference in capital structure. Compared to the P/E Multiple, the EV/EBITDA Multiple is considered to be less affected by difference in accounting treatment. Yet, since the EV/EBITDA Multiple excludes depreciation and amortization expenses, which measure how much the company needs to spend on capital expenditure to maintain its business growth, the multiple does not account for cost of debt capital or its tax effect.

ENTERPRISE VALUE TO SALES RATIO

Like the other enterprise value ratios, enterprise value-to-sales ratio (the "**EV/Sales Ratio**") is considered to be less affected by difference in accounting treatment as other price multiples. Similar to the price-to-sales ratio, it is commonly used to value early-stage or loss-making companies. Yet, enterprise value-to-sales has the benefits over price-to-sales ratio that it takes into account a company's debt load.

By taking into consideration the business cycle, the financial position and profitability of the Target Company, it is considered that the EV/EBITDA Multiple is the most appropriate multiple and hence it is being adopted in this valuation.

MAJOR ASSUMPTIONS

Assumptions considered to have significant sensitivity effects in this valuation have been evaluated in order to provide a more accurate and reasonable basis for arriving at our assessed value. The following key assumptions in determining the market value of the Subject have been made:

- We assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued;
- We have assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Subject;
- We have assumed that the operational and contractual terms stipulated in the relevant contracts and agreements will be honored;
- We have been provided with copies of the operating licenses and company incorporation documents. We have assumed such information to be reliable and legitimate. We have relied to a considerable extent on such information provided in arriving at our opinion of value; and
- We have assumed the accuracy of the financial and operational information such as management accounts, contractual agreements and manufacturing capabilities, provided to us by the Company relied to a considerable extent on such information in arriving at our opinion of value;
- We have assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

MARKET MULTIPLE

In determining the market multiple, a list of comparable companies was identified. The selection criteria include the followings:

- The companies derive most, if not all, of their revenues from the same industry of the Target Company, i.e. building construction, renovation or design which engages in the real estate business for residential purpose;
- The comparable companies are searchable in Bloomberg;
- The comparable companies are publicly listed; and
- Sufficient data, including the EV/EBITDA Multiple as at the Valuation Date of the comparable companies is available.

As sourced from Bloomberg, an exhaustive list of comparable companies satisfying the above criteria was obtained on a best effort basis. The details of the comparable companies are listed below:

Bloomberg Ticker	Company Name	Company Description
SHLL SP Equity	Sysma Holdings Ltd.	Sysma Holdings Ltd. is principally engaged in providing building construction services to the private sector in Singapore. The Company's current focus is on building high-end landed housing (especially Bungalows) and conducting A&A works on landed and other properties in Singapore.
LBG SP Equity	Lian Beng Group Limited	Lian Beng Group Limited provides building construction and civil engineering services for both the private and public sectors. The Group also sells, leases, and maintains construction machinery and equipment, and develops and invests in properties.
BDTK SP Equity	Boldtek Holdings Limited	Boldtek Holdings Limited provides building construction services. The Company offers excavation, piling, superstructure works, aluminum cladding, curtain walling, interior fitting-out and decoration, and landscaping services. Boldtek Holdings serves customers in Singapore.

The comparable companies are often of significantly different size from the Target Company. Larger companies generally have lower expected returns that translate into higher values. On the other hand, small companies are generally perceived as riskier in relation to business operation and financial performance, and therefore the expected returns are higher and resulting in lower multiples. Therefore, the base multiples were adjusted to reflect the difference in natures between the comparable companies and Target Company.

The adjustment on the EV/EBITDA Multiple is calculated using the following formula:

$$\text{Adjusted EV/EBITDA Multiple} = 1 / ((1 / M) + \theta \times (E/EV) \times (EBITDA/NOPAT))$$

where:

M	=	The EV/EBITDA Multiple without adjustment
θ	=	Required adjustment in the difference in size and country risk
E	=	Market capitalization
EV	=	Enterprise value
EBITDA	=	Earnings before interest, taxes, depreciation and amortization
NOPAT	=	Net operating profit after tax

After the aforesaid adjustment on the EV/EBITDA Multiple, the EV/EBITDA multiples after adjustment (the “**Adjusted EV/EBITDA Multiple**”) of the comparable companies are listed as below:

Bloomberg Ticker	Company Name	Market Capitalization (SGD' Million)	EV/EBITDA Multiple	Adjusted EV/EBITDA Multiple
SHLL SP Equity	Sysma Holdings Ltd.	33.81	2.02	1.47
LBG SP Equity	Lian Beng Group Limited	257.34	21.01	13.41
BDTK SP Equity	Boldtek Holdings Limited	22.57	20.40	11.04
Average				8.64

Discount for Lack of Marketability (the “DLOM”)

The concept of marketability deals with the liquidity of an ownership interest, that is how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in privately held companies which are typically not readily marketable compared to similar interest in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

We have assessed the DLOM of this interest using a put option method. The concept is that when comparing a public share and a private share, the holder of a public share has the ability to sell the shares (i.e. a put option) to the stock market right away. As the time to a liquidity event becomes shorter, the degree of the DLOM becomes smaller.

We have adopted Black Scholes Option Pricing Model with the following parameters to estimate the DLOM.

Parameter	Input	Remark	Source
Option Type	European Put		
Spot Price	SGD 1.00	Assumed	
Exercise Price	SGD 1.00	Assumed	
Risk Free Rate	0.41%	Based on 1-year Singapore sovereign yield	Bloomberg L.P.
Maturity Period	1 year	Assumed	
Volatility	47.49%	Based on historical 1-year volatility of comparable companies	Bloomberg L.P.
DLOM	18.53%	Calculated	

CALCULATION OF VALUATION RESULT

Under the guideline public company method, the market value of the Subject is estimated based on the financial information of the Target Company and the market multiples of the comparable companies derived from Bloomberg as at the Valuation Date. We have also taken into account the marketability discount.

The calculation of the market value of 100% equity interest of the Target Company as at the Valuation Date is as follows:

Parameter	Input
Average Adjusted EV/EBITDA Multiple of the Comparable Companies	8.64
EBITDA of the Target Company for the Trailing 12-months (SGD)	1,787,003
Enterprise Value of the Target Company	15,443,231
Add: Cash and cash equivalent	1,077,397
Less: Other non-operating liabilities	(923,060)
Less: Lease liability	(348,401)
Equity Value of the Target Company before DLOM as at the Valuation Date	15,249,167
Adjusted for DLOM (%)	18.53%
Equity Value of the Target Company after DLOM	12,424,083
Equity Value of the Target Company after DLOM (Rounded)	12,400,000

VALUATION COMMENT

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Target Company, the Company and JLL.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of the Target Company over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

This report is issued subject to our Limiting Conditions as attached.

INDEPENDENCE DECLARATION

We confirm that to the best of our knowledge and belief, we are independent of the Company and the Target Company, and have not contravened any independence requirements stipulated as per our professional memberships. Our fee is not contingent upon our conclusion of value.

COMMENTARY ON THE IMPACT OF COVID-19 ON VALUATION

We are instructed to provide our opinion of value as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, it has come to our attention that the outbreak of Novel Coronavirus disease (COVID-19) has caused significant disruption to economic activities around the world. This disruption has increased the risk of the financial projections/assumptions not being achieved. It may also have a

negative impact towards investment sentiment, and hence any form of required rate of return as well as liquidity of any asset. As of the Report Date, it is uncertain how long the disruption will last and to what extent it will affect the economy. As a result, it has caused volatility and uncertainty that values may change significantly and unexpectedly even over short periods. The period required to negotiate a transaction may also extend considerably beyond the normally expected period, which would also reflect the nature and size of the asset. Readers are reminded that we do not intend to provide an opinion of value as of any date after the Valuation Date in this Report.

OPINION OF VALUE

Based on the results of our investigations and analyses, we are of the opinion that the market value of 100% equity interest in Sevens Creation Pte. Ltd. as at the Valuation Date are reasonably stated at the amount of **SGD 12,400,000**.

Yours faithfully,



For and on behalf of
**Jones Lang LaSalle Corporate Appraisal and Advisory
Limited**
Simon M.K. Chan
Executive Director

Note: Mr. Simon M.K. Chan is a fellow (FCPA) of the Hong Kong Institute of Certified Public Accountants (HKICPA) and CPA Australia. He is also fellow of the Royal Institution of Chartered Surveyors (FRICS) where he now serves on their North Asia Valuation Practice Group. He is an International Certified Valuation Specialist (ICVS) and a Chartered Valuer and Appraiser (Singapore). He oversees the business valuation services of JLL and has over 20 years of accounting, auditing, corporate advisory and valuation experiences. He has provided a wide range of valuation services to numerous listed and listing companies of different industries in the PRC, Hong Kong, Singapore and the United States.

LIMITING CONDITIONS

1. In the preparation of this Report, we relied on the accuracy, completeness and reasonableness of the financial information, forecast, assumptions and other data provided to us by the Client / Target Company and/or its representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the accuracy of such information. Our Report was used as part of the analysis of the Client / Target Company in reaching their conclusion of value and due to the above reasons, the ultimate responsibility of the derived value of the Subject rests solely with the Client.
2. We have explained as part of our service engagement procedure that it is the director' s responsibility to ensure proper books of accounts are maintained, and the financial information and forecast give a true and fair view and have been prepared in accordance with the relevant standards and companies ordinance.
3. Public information and industry and statistical information have been obtained from sources we deem to be reputable; however, we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.
4. The board of directors and the management of Client / Target Company have reviewed this Report and agreed and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.
5. Jones Lang LaSalle Corporate Appraisal and Advisory Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this exercise, with reference to the project described herein. Should there be any kind of subsequent services required, the corresponding expenses and time costs will be reimbursed from you. Such kind of additional work may incur without prior notification to you.
6. No opinion is intended to be expressed for matters which require legal or other specialised expertise, which is out of valuers' capacity.
7. The use of and/or the validity of the Report is subject to the terms of the Agreement and the full settlement of the fees and all the expenses.
8. Our conclusions assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the Subject.
9. We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions, government policy or other conditions after the Valuation Date. We cannot provide assurance on the achievability of the results forecasted by the Client / Target Company because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management.
10. This Report has been prepared solely for internal use purpose. The Report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any third party without our prior written consent. Even with our prior written consent for such, we are not be liable to any third party except for our client for this report. Our client should remind of any third party who will receive this report and the client will need to undertake any consequences resulted from the use of this report by the third party. We shall not under any circumstances whatsoever be liable to any third party.
11. This Report is confidential to the Client and the calculation of values expressed herein is valid only for the purpose stated in the Agreement as at the Valuation Date. In accordance with our

standard practice, we must state that this Report and exercise is for the use only by the party to whom it is addressed to and no responsibility is accepted with respect to any third party for the whole or any part of its contents.

12. Where a distinct and definite representation has been made to us by parties interested in the Subject, we are entitled to rely on that representation without further investigation into the veracity of the representation.
13. The Client / Target Company agrees to indemnify and hold us and our personnel harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney' s fees, to which we may become subjects in connection with this engagement. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the fee paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.
14. We are not environmental, structural or engineering consultants or auditors, and we take no responsibility for any related actual or potential liabilities exist, and the effect on the value of the asset is encouraged to obtain a professional assessment. We do not conduct or provide such kind of assessments and have not considered the potential impact to the subject property.
15. This exercise is premised in part on the historical financial information and future forecast provided by the management of the Client / Target Company and/or its representatives. We have assumed the accuracy and reasonableness of the information provided and relied to a considerable extent on such information in our calculation of value. Since projections relate to the future, there will usually be differences between projections and actual results and in some cases, those variances may be material. Accordingly, to the extent any of the above mentioned information requires adjustments, the resulting value may differ significantly.
16. This Report and the conclusion of values arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the Report and conclusion of values are not intended by the author, and should not be construed by any reader, to be investment advice or as financing or transaction reference in any manner whatsoever. The conclusion of values represents the consideration based on the information furnished by the Client / Target Company and other sources. Actual transactions involving the Subject might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the knowledge and motivation of the buyers and sellers at that time.
17. The board of directors, management, staff, and representatives of the Client / Target Company have confirmed to us that they are independent to JLL in this Valuation or calculation exercise. Should there be any conflict of interest or potential independence issue that may affect our independence in our work, the Client / Target Company and/or its representatives should inform us immediately and we may need to discontinue our work and we may charge our fee to the extent of our work performed or our manpower withheld or engaged.

**APPENDIX B – VALUATION REPORT IN RESPECT OF THE DISPOSAL ASSETS
IN CONNECTION WITH THE PROPOSED DISPOSAL**



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Tel +852 2846 5000 Fax +852 2169 6001
Company Licence No.: C-030171

18 May 2022

The Board of Directors
Pan Asian Holdings Limited
2 Kallang Avenue,
#05-19 CT Hub,
Singapore 339407

Dear Sirs,

In accordance with the instructions from Pan Asian Holdings Limited (the “**Company**”), Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“**JLL**”) has undertaken a valuation exercise which requires us to express an independent opinion on the market value of Pan Asian Holdings Limited (the “**Target Company**”) together with its subsidiaries as at 31 December 2021 (the “**Valuation Date**”). The report which follows is dated 18 May 2022 (the “**Report Date**”). The purpose of this valuation is to express an independent opinion for disclosure reference.

Our valuation was carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

BACKGROUND

The Target Company, incorporated in Singapore, is a supplier of high quality pipe system and equipment for water and wastewater infrastructure projects in Asia Pacific region. The Target Company started as a stockist for water meter, piping and valves for the water, oil and gas sectors. Today, besides manufacturing products under the brands that the Target Company licensed, the Target Company is also an agent for 15 international brands of water solution related products. The product ranges from smart water meter solution, high quality pipe of different materials, pipe fitting and accessories, storage solution, hydro-mechanical product, water and wastewater treatment related equipment and turnkey solution.

The Subject of this valuation is being the Target Company together with its subsidiaries (the “**Subject**”).

The principal activities of Investments in Associate and Investments in Joint Ventures are listed in the table below.

Entity	Principal activity
Associate	
SPJV Integrated LLP	Building construction.
Joint Ventures	
MUHR Asia Pte Ltd	Manufacture and repair of water and waste water treatment equipment.
Dulvalco UK Limited	Sale of valves and pipes within United Kingdom.

FINANCIAL PERFORMANCE OF THE TARGET COMPANY

Revenue

Based on Target Company's annual report for 31 December 2019, 31 December 2020 and 31 December 2021, the Target Company's revenue was SGD23,372,000, SGD22,927,000 and SGD22,240,000 respectively.

Profit/ Loss net of tax

Based on the aforementioned annual reports and management accounts, the Target Company recorded a profit after tax of SGD436,000 for the year ended 31 December 2019, a loss after tax of SGD249,000 for the year ended 31 December 2020 and a loss before tax of SGD474,000 for the year ended 31 December 2021.

SOURCES OF INFORMATION

In conducting our valuation of the Subject, we have reviewed information including, but not limited to:

- Background of the Target Company;
- Historical financial information of the Target Company from year 2019 to year 2021; and
- Other operation and market information in relation to the business of the Target Company.

We have held discussions with management of the Company and conducted market research from public sources to assess the reasonableness and fairness of information provided. We assumed such information to be reliable and legitimate, and we have relied to a considerable extent on the information provided in arriving at our conclusion of value.

BASIS OF OPINION

We have conducted our valuation in accordance with International Valuation Standards issued by International Valuation Standards Council ("IVSC"). The valuation procedures employed include a review of legal status and economic condition of the Target Company and an assessment of key assumptions, estimates and representations made by the proprietor or the operator of the Target Company. All matters we consider essential to the proper understanding of the valuation are disclosed in this valuation report.

The following factors form an integral part of our basis of opinion:

- The economic outlook in general;
- The nature of business and history of the operation concerned;
- The financial condition of the Subject;
- Market-driven investment returns of companies engaged in similar lines of business;
- Financial and business risk of the business including continuity of income and the projected future results;
- Consideration and analysis on the micro and macro economy affecting the business of the Subject;
- Analysis on tactical planning, management standard and synergy of the Subject; and
- Assessment of the leverage of the Subject.

We planned and performed our valuation to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to express our opinion on the valuation of the Subject.

VALUATION METHODOLOGY

In arriving at our assessed value, we have considered three generally accepted approaches, namely market approach, cost approach and income approach.

Market Approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of the hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market. Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the subject assets.

Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long-time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

To select the most appropriate approach, we have considered the purpose of the valuation and the resulting basis of value as well as the availability and reliability of information provided to us to form perform an analysis. We have also considered the relative advantages and disadvantages of each approach to the nature and circumstances of this Subject. In our opinion, the income approach is inappropriate as this approach require detailed operational information and long-term financial projection of the Target Company but such information is not available to us. On the other hand, it is difficult to identify companies that can be considered as comparable to the business as well as financial position and performance of the Target Company. Hence, market approach is not suitable. Based on the abovementioned reasons, we have adopted the summation method under the cost approach to estimate the opinion of value of the Subject in this valuation.

The summation method is typically adopted for subject when its value is primarily a factor of the value of the holding assets and liabilities. As the Target Company has been loss making, its business operation may not be a representative indication of its value so the Target Company's value can only be estimated from the sum of the values of its holding assets and liabilities. Under the summation method, each identifiable asset and liability of the Target Company is being valued using the appropriate valuation approaches, and our opinion of value of the subject is derived by adding component assets and deducting component liabilities.

Below table listed out the adopted valuation approach for each of the identifiable assets and liabilities.

Identifiable Asset	Valuation Approach
Property, plant and equipment	<p>Comprised leasehold land and building, motor vehicles, plant and machinery, furniture and fitting, renovation, computer hardware and software, moulds and toolings and construction in progress.</p> <p>For motor vehicles, plant and machinery, furniture and fitting, renovation, computer hardware and software, moulds and toolings and construction in progress, they are based on the book values provided by the Target Company.</p> <p>For leasehold land and building, we have adopted the direct comparison method.</p>
Investments in associate	Comprised SPJV Integrated LLP. As SPJV Integrated LLP has been loss making, we have compared the result from the summation method under the cost approach to that from the enterprise to sales ratio using the guideline transaction method under the market approach to estimate the opinion of value
Investments in joint ventures	Comprised MUHR Asia Pte Ltd and Duvalco UK Limited. As the joint ventures have been loss making, we have compared the results from the summation method under the cost approach to those from the enterprise to sales ratio using the guideline transaction method under the market approach to estimate the opinion of values.
Other assets	Based on the book values provided by the Target Company.
Identifiable Liability	
Non-current liabilities	Based on the book values provided by the Target Company.
Current liabilities	Based on the book values provided by the Target Company.

MAJOR ASSUMPTIONS

Assumptions considered to have significant sensitivity effects in this valuation have been evaluated in order to provide a more accurate and reasonable basis for arriving at our assessed value. The following key assumptions in determining the market value of the Subject have been made:

- We assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued;
- We have assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Subject;
- We have assumed that the operational and contractual terms stipulated in the relevant contracts and agreements will be honored;
- We have been provided with copies of the operating licenses and company incorporation documents. We have assumed such information to be reliable and legitimate. We have relied to a considerable extent on such information provided in arriving at our opinion of value; and
- We have assumed the accuracy of the financial and operational information such as management accounts, contractual agreements and manufacturing capabilities, provided to us by the Company relied to a considerable extent on such information in arriving at our opinion of value;
- We have assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

BOOK VALUE OF ASSETS AND LIABILITIES

The table below summarizes the book values of the Target Company, SPJV Integrated LLP, MUHR Asia Pte Ltd and Duvalco UK Limited as at the Valuation Date, which are provided by the management of the Target Company.

Target Company

Asset	Book Value (SGD)
Property, plant and equipment *	10,032,000
Right-of-use assets, non-current	539,000
Investments in associate *	206,000
Investments in joint ventures *	62,000
Other assets, non-current	342,000
Asset held for sale	30,000
Inventories	920,000
Trade and other receivables	9,346,000
Contract assets	1,448,000
Other assets, current	2,776,000
Cash and equivalent	3,669,000
Total Assets	29,370,000

** Refer to the appendix for the breakdown*

Liability	Book Value (SGD)
Other financial liabilities, non-current	2,912,000
Lease liabilities, non-current	496,000
Liabilities associated with assets held for sale	18,000
Lease liabilities, current	243,000
Income tax payable	22,000
Other financial liabilities, current	2,446,000
Contract liabilities	275,000
Trade and other payables	8,065,000
Total Liabilities	14,477,000
Net Asset Value	14,893,000

Source: Pan Asian Holdings Limited Annual Report 2021

SPJV Integrated LLP

Asset	Book Value (SGD)
Property, plant and equipment	3,792
Right-of-use assets, non-current	25,169
Other assets, current	7,448,464
Cash and equivalent	79,544
Total Assets	7,556,969

Liability	Book Value (SGD)
Lease liabilities, non-current	26,406
Accounts payable	5,068,157
Other current liabilities	406,852
Total Liabilities	5,501,415
Net Asset Value	2,055,554

Source: SPJV Integrated LLP Management Accounts as at 31 December 2021

MUHR Asia Pte Ltd

Asset	Book Value (SGD)
Property, plant and equipment	749,948
Right-of-use assets, non-current	279,206
Inventories	40,876
Trade and other receivables	720,399
Other assets, current	1,037,998
Cash and equivalent	282,659
Total Assets	3,111,086

Liability	Book Value (SGD)
Lease liabilities, non-current	98,968
Other financial liabilities, non-current	593,565
Income tax payable	44
Lease liabilities, current	190,682
Other financial liabilities, current	295,280
Trade and other payables	2,383,532
Total Liabilities	3,562,071
Net Asset Value	(450,985)

Source: MUHR Asia Pte Ltd draft financial statements for year ended 31 December 2021

Duvalco UK Limited

Asset	Book Value (GBP)
Goods in transit	185,647
Trade receivable	(81,000)
Cash	31,500
Total Assets	136,147
<hr/>	
Liability	Book Value (GBP)
Trade payable	163,490
Other payable	(6,852)
GST Output Tax	(2,900)
Total Liabilities	153,738
Net Asset Value	(17,591)
Net Asset Value (SGD)	(32,089) #

Source: Duvalco UK Limited Management Accounts as at 31 December 2021

The exchange rate of GBP per SGD as at the Valuation Date is 0.55

CALCULATION OF VALUATION RESULT

Based on the results of our investigation and analysis outlined above which follows, we are of the opinion that the Market Value of the Subject as at the Valuation Date are as follows.

Asset	Market Value (SGD)
Property, plant and equipment *	11,075,945
Right-of-use assets, non-current	539,000
Investments in associate *	205,555
Investments in joint ventures *	102,194
Other assets, non-current	342,000
Asset held for sale	30,000
Inventories	920,000
Trade and other receivables	9,346,000
Contract assets	1,448,000
Other assets, current	2,776,000
Cash and equivalent	3,669,000
Total Assets	30,453,694

* Refer to appendix for the breakdown.

Liability	Market Value (SGD)
Other financial liabilities, non-current	2,912,000
Lease liabilities, non-current	496,000
Liabilities associated with assets held for sale	18,000
Lease liabilities, current	243,000
Income tax payable	22,000
Other financial liabilities, current	2,446,000
Contract liabilities	275,000
Trade and other payables	8,065,000
Total Liabilities	14,477,000
Net Asset Value	15,976,694

VALUATION COMMENT

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Target Company, the Company and JLL.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of the Target Company over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

This report is issued subject to our Limiting Conditions as attached.

INDEPENDENCE DECLARATION

We confirm that to the best of our knowledge and belief, we are independent of the Company and the Target Company, and have not contravened any independence requirements stipulated as per our professional memberships. Our fee is not contingent upon our conclusion of value.

COMMENTARY ON THE IMPACT OF COVID-19 ON VALUATION

We are instructed to provide our opinion of value as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, it has come to our attention that the outbreak of Novel Coronavirus disease (COVID-19) has caused significant disruption to economic activities around the world. This disruption has increased the risk of the financial projections/assumptions not being achieved. It may also have a negative impact towards investment sentiment, and hence any form of required rate of return as well as liquidity of any asset. As of the Report Date, it is uncertain how long the disruption will last and to what extent it will affect the economy. As a result, it has caused volatility and uncertainty that values may change significantly and unexpectedly even over short periods. The period required to negotiate a transaction may also extend considerably beyond the normally expected period, which would also reflect the nature and size of the asset. Readers are reminded that we do not intend to provide an opinion of value as of any date after the Valuation Date in this Report.

OPINION OF VALUE

Based on the results of our investigations and analyses, we are of the opinion that the market value of Pan Asian Holdings Limited as at the Valuation Date are reasonably stated at the amount of **SGD 15,976,694.**

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Simon M.K. Chan', written over a horizontal line.

For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Simon M.K. Chan
Executive Director

Note: Mr. Simon M.K. Chan is a fellow (FCPA) of the Hong Kong Institute of Certified Public Accountants (HKICPA) and CPA Australia. He is also fellow of the Royal Institution of Chartered Surveyors (FRICS) where he now serves on their North Asia Valuation Practice Group. He is an International Certified Valuation Specialist (ICVS) and a Chartered Valuer and Appraiser (Singapore). He oversees the business valuation services of JLL and has over 20 years of accounting, auditing, corporate advisory and valuation experiences. He has provided a wide range of valuation services to numerous listed and listing companies of different industries in the PRC, Hong Kong, Singapore and the United States.

APPENDIX

Market Value of Property, Plant and Equipment

Property, plant and equipment	Net Book Value (SGD)	Market Value (SGD)
Leasehold Land & Building		
Land – Tuas South Link 3, Plot 24	2,048,241	
Building – Tuas South Link 3, Plot 24	3,136,459	6,000,000
Freehold property at Malaysia	114,180	106,945
CT Hub Property, #05-18	1,332,409	
CT Hub Property, #05-19	1,039,068	3,610,000
CT Hub Property, #06-03	1,001,003	
Others	1,359,000	1,359,000
	10,030,360	11,075,945

Market Value of Investments in Associate and Investments in Joint Ventures

Entity	Net Asset Value (SGD)	Market Value (SGD)
Associate		
SPJV Integrated LLP	205,555	205,555
Joint Ventures		
MUHR Asia Pte Ltd	(225,493)	0
Dulvalco UK Limited	(32,089)	102,194
Total		102,194

LIMITING CONDITIONS

1. In the preparation of this Report, we relied on the accuracy, completeness and reasonableness of the financial information, forecast, assumptions and other data provided to us by the Client / Target Company and/or its representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the accuracy of such information. Our Report was used as part of the analysis of the Client / Target Company in reaching their conclusion of value and due to the above reasons, the ultimate responsibility of the derived value of the Subject rests solely with the Client.
2. We have explained as part of our service engagement procedure that it is the director' s responsibility to ensure proper books of accounts are maintained, and the financial information and forecast give a true and fair view and have been prepared in accordance with the relevant standards and companies ordinance.
3. Public information and industry and statistical information have been obtained from sources we deem to be reputable; however, we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.
4. The board of directors and the management of Client / Target Company have reviewed this Report and agreed and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.
5. Jones Lang LaSalle Corporate Appraisal and Advisory Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this exercise, with reference to the project described herein. Should there be any kind of subsequent services required, the corresponding expenses and time costs will be reimbursed from you. Such kind of additional work may incur without prior notification to you.
6. No opinion is intended to be expressed for matters which require legal or other specialised expertise, which is out of valuers' capacity.
7. The use of and/or the validity of the Report is subject to the terms of the Agreement and the full settlement of the fees and all the expenses.
8. Our conclusions assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the Subject.
9. We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions, government policy or other conditions after the Valuation Date. We cannot provide assurance on the achievability of the results forecasted by the Client / Target Company because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management.
10. This Report has been prepared solely for internal use purpose. The Report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any third party without our prior written consent. Even with our prior written consent for such, we are not be liable to any third party except for our client for this report. Our client should remind of any third party who will receive this report and the client will need to undertake any consequences resulted from the use of this report by the third party. We shall not under any circumstances whatsoever be liable to any third party.
11. This Report is confidential to the Client and the calculation of values expressed herein is valid only for the purpose stated in the Agreement as at the Valuation Date. In accordance with our

standard practice, we must state that this Report and exercise is for the use only by the party to whom it is addressed to and no responsibility is accepted with respect to any third party for the whole or any part of its contents.

12. Where a distinct and definite representation has been made to us by parties interested in the Subject, we are entitled to rely on that representation without further investigation into the veracity of the representation.
13. The Client / Target Company agrees to indemnify and hold us and our personnel harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney' s fees, to which we may become subjects in connection with this engagement. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the fee paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.
14. We are not environmental, structural or engineering consultants or auditors, and we take no responsibility for any related actual or potential liabilities exist, and the effect on the value of the asset is encouraged to obtain a professional assessment. We do not conduct or provide such kind of assessments and have not considered the potential impact to the subject property.
15. This exercise is premised in part on the historical financial information and future forecast provided by the management of the Client / Target Company and/or its representatives. We have assumed the accuracy and reasonableness of the information provided and relied to a considerable extent on such information in our calculation of value. Since projections relate to the future, there will usually be differences between projections and actual results and in some cases, those variances may be material. Accordingly, to the extent any of the above mentioned information requires adjustments, the resulting value may differ significantly.
16. This Report and the conclusion of values arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the Report and conclusion of values are not intended by the author, and should not be construed by any reader, to be investment advice or as financing or transaction reference in any manner whatsoever. The conclusion of values represents the consideration based on the information furnished by the Client / Target Company and other sources. Actual transactions involving the Subject might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the knowledge and motivation of the buyers and sellers at that time.
17. The board of directors, management, staff, and representatives of the Client / Target Company have confirmed to us that they are independent to JLL in this Valuation or calculation exercise. Should there be any conflict of interest or potential independence issue that may affect our independence in our work, the Client / Target Company and/or its representatives should inform us immediately and we may need to discontinue our work and we may charge our fee to the extent of our work performed or our manpower withheld or engaged.

**APPENDIX C – LETTER BY THE INDEPENDENT FINANCIAL ADVISER
TO THE INDEPENDENT DIRECTORS IN RESPECT OF THE PROPOSED DISPOSAL**

20 May 2022

PAN ASIAN HOLDINGS LIMITED

2 Kallang Avenue
#05-19 CT Hub
Singapore 339407

Attention: The Independent Directors (as defined herein)

Dear Independent Directors

LETTER FROM XANDAR CAPITAL PTE. LTD. TO THE INDEPENDENT DIRECTORS OF PAN ASIAN HOLDINGS LIMITED IN RESPECT OF THE PROPOSED DISPOSAL OF THE DISPOSAL ASSETS AS AN INTERESTED PERSON TRANSACTION UNDER CHAPTER 9 OF THE LISTING MANUAL (SECTION B: RULES OF CATALIST) OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (THE “CATALIST RULES”)

All capitalised terms in this letter which are not defined herein shall have the same meaning ascribed to them in the circular to shareholders of the Company dated 20 May 2022 (the “Circular”).

1. INTRODUCTION

On 28 April 2022, Pan Asian Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announced that the Company had entered into a conditional sale and purchase agreement dated 28 April 2022 (the “**Disposal SPA**”) with Incarich Pte Ltd as the purchaser (the “**Purchaser**”) and Xu Jia Zu Holdings Pte. Ltd., as the covenantor (the “**Covenantor**”) in relation to the Proposed Disposal.

The Proposed Disposal include the disposal by the Company of (i) all the shares in the issued and paid-up capital of eight (8) directly-held subsidiaries of the Company (“**Disposal Subsidiaries**”) (“**Disposal Shares**”); and (ii) existing assets and liabilities of the Company including, *inter alia*, properties, equipment, contracts, receivables and payables (the “**Other Assets**”, together with the Sales Shares collectively, the “**Disposal Assets**”) relating to the existing businesses of the Group (the “**Existing Businesses**”) on the terms and conditions of the Disposal SPA.

The Purchaser is an investment holding company that is wholly-owned by Mr. Richard Koh Chye Heng, who is also the sole director of the Purchaser. Mr. Richard Koh is the Executive Chairman and the controlling Shareholder of the Company, and accordingly the Purchaser is an associate of Mr. Richard Koh Chye Heng under the Catalist Rules and an “interested person” as defined under Chapter 9 of the Catalist Rules, and the Proposed Disposal constitutes an ‘interested person transaction’ under Chapter 9 of the Catalist Rules.

In addition, the Covenantor is the largest shareholder of the Company, holding directly 109,137,500 ordinary shares ("**Shares**"), representing 50.95% interest in the capital of the Company as at 13 May 2022, being the Latest Practicable Date. Mr. Richard Koh Chye Heng is deemed to be interested in the Shares held by the Covenantor by virtue of his shareholding in the Covenantor. Mr. Richard Koh Chye Heng holds one (1) golden share in the Covenantor and by virtue of the Covenantor's constitution, he is deemed to have the ability to exercise dominant influence over the Covenantor. Accordingly, the Covenantor is also an "interested person" as defined under Chapter 9 of the Catalist Rules.

The aggregate consideration for the Disposal Assets shall be the amount of S\$12,000,000 (the "**Disposal Consideration**") which shall be satisfied by the Purchaser in five (5) tranches, ranging from the Completion Date to within six (6) months after the Completion Date. The Disposal Consideration represents approximately 80.6% of the Group's latest audited net tangible assets of S\$14,893,000 as at 31 December 2021 ("**FY2021 NTA**"). As the value of the Proposed Disposal exceeds 5.0% of the Group's FY2021 NTA, under Rule 906(1) of the Catalist Rules, the Proposed Disposal is an 'interested person transaction' which is subject to the approval of independent Shareholders of the Company.

The Company is convening the extraordinary general meeting to seek independent Shareholders' approvals for various transactions including the Proposed Disposal. In connection thereof, the Company is required to obtain an opinion from an independent financial advisor ("**IFA**") on whether the Proposed Disposal (and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Catalist Rules) is on normal commercial terms, and whether the Proposed Disposal (and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Catalist Rules) is prejudicial to the interests of the Company and its minority Shareholders.

Xandar Capital Pte. Ltd. ("**Xandar Capital**") has been appointed by the Company to act as the IFA to advise the directors of the Company who are deemed independent for the purposes of the Proposed Disposal, namely Mr. Thomas Lam Kwong Fai, Ms. Vanessa Lim Xiu Fang, Mr. Wu Yu Liang and Mr. Lawrence Chen Tse Chau (Chen Shichao) (collectively, the "**Independent Directors**") as to (i) whether the Proposed Disposal (and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Catalist Rules) is normal commercial terms; and (ii) whether the Proposed Disposal is prejudicial to the interests of the Company and its minority shareholders.

This letter, which is prepared pursuant to Rule 921(4)(a) of the Catalist Rules, sets out our evaluation of, and our opinion to, the Proposed Disposal (this "**IFA Letter**"), and forms part of the Circular issued by the Company in connection with the Proposed Disposal.

2. TERMS OF REFERENCE

Xandar Capital has been appointed as the IFA to opine on (i) whether the Proposed Disposal is normal commercial terms; and (ii) whether the Proposed Disposal is prejudicial to the interests of the Company and its minority shareholders.

We are not and were not involved in any aspect of the negotiations pertaining to the Proposed Disposal, nor were we involved in the deliberations leading up to the decisions on the part of the Directors to undertake the Proposed Disposal. Accordingly, we do not, by this IFA Letter, warrant the merits of the Proposed Disposal.

Additionally, we are not and were not involved in any aspect of the negotiations pertaining to the Proposed Acquisition, the Proposed Diversification of Business and Proposed Change of Name contemplated by the Company together with the Proposed Disposal (collectively the “**Proposed Transactions**”), nor the decision for the resolutions for the Proposed Transactions to be inter-conditional of each other. Our scope of work relates only to the Proposed Disposal and accordingly, we do not opine on nor warrant the merits of the other Proposed Transactions.

As set out in Sections 3.8 and 5 of this IFA Letter, the Group has ongoing interested person transactions with the Covenantor which include rental of factory space and equipment from the Covenantor. While the rental of factory space by the Group from the Covenantor is a transaction exempted from aggregation under Rule 916 of the Catalist Rules, the rental of equipment by the Group from the Covenantor is subject of aggregation under Rule 906 of the Catalist Rules. We are not and were not involved in the negotiations of the terms for the rental of factory space and equipment, and do not opine on nor warrant the merits of the abovementioned ongoing interested person transactions.

Our terms of reference do not require us to express, evaluate or comment on the rationale for, strategic or commercial merits and/or risks of the Proposed Disposal, or the future performance or prospects of the Group. We are, therefore, not expressing any opinion herein as to the future financial or other performance (including share price performance) of the Company or the Group, whether with or without the Proposed Disposal.

As with other business transactions of the Company, the merit and/or associated risk, whether commercial, financial or otherwise, of the Proposed Disposal, are solely the responsibility of the Directors. We are also not addressing the relative merits of the Proposed Disposal, as compared to any alternative transaction of the Group or that otherwise may become available to the Group in the future. Such evaluations or comments remain the responsibility of the Directors and the management of the Group.

In the course of our evaluation and for the purpose of providing our opinion in respect of the Proposed Disposal, we have held discussions with certain Directors and the management of the Group and have examined information provided by the Directors and the management of the Group and other publicly available information collated by us, upon which our view is based. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made reasonable enquiries and exercised our judgment as we deemed necessary or appropriate on the reasonable use of such information and found no reason to doubt the accuracy or reliability of the information.

We have not made any independent evaluation and appraisal on the Disposal Assets, the Company and/or the Group. The Company has commissioned Jones Lang LaSalle

Corporate Appraisal and Advisory Limited as the independent valuer (the “**Valuer**”) to assess and determine the market value of the Disposal Assets. The full valuation report dated 18 May 2022 (the “**Disposal Valuation Report**”) issued by the Valuer is reproduced as Appendix B to the Circular. Save for the Disposal Valuation Report, we have not been furnished with any other evaluation or appraisal of the assets and/or liabilities of the Disposal Assets. With respect to the Disposal Valuation Report, we are not experts in the evaluation or appraisal of the subject concerned and we have placed sole reliance on the Disposal Valuation Report for such appraisal.

We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Group, the Proposed Disposal, are to the best of their knowledge and belief, fair and accurate in all material aspects.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us contained in the Circular as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should take note of any announcements relevant to their consideration of the Proposed Disposal, which may be released by the Company after the Latest Practicable Date.

In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisors immediately.

Our opinion is for the use and benefit of the Independent Directors in their deliberation of the Proposed Disposal, and the recommendation made by the Independent Directors shall remain the responsibility of the Independent Directors.

The Company has been separately advised by its own advisors in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinion, in relation to the Proposed Disposal, should be considered in the context of the entirety of this IFA Letter and the Circular.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor the Shareholders may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purposes other than the Proposed Disposal at any time and in any manner without our prior written consent.

We recommend that the Directors advise the Independent Shareholders to read these pages carefully.

3. ABOUT THE PROPOSED DISPOSAL

3.1 ABOUT THE DISPOSAL ASSETS

Information on the Disposal Assets are set out in section 5.1 of the Circular.

We summarised as follows:

Disposal Assets	Comprising	
	Disposal Shares (being all the shares in the following Disposal Subsidiaries held by the Company)	Other Assets
	(a) Duvalco Valves & Fittings Pte. Ltd.; (b) Pan Asian Flow Technology Pte. Ltd.; (c) Pan Asian Water Solutions (HK) Limited; (d) Wuhu Duvalco Valves & Fittings Co. Ltd.; (e) PA Water Solutions (Shanghai) Limited; and (f) Sacha Inchi Pte Ltd; (g) PA Flow Technology (HK) Limited; and (h) PT. Pan Asian Water Solutions.	All existing assets and liabilities including, <i>inter alia</i> , properties, equipment, contracts, receivables and payables relating to the Existing Businesses

Existing Businesses	Being the existing business of the Group carried out by the Disposal Assets as follows: (a) general trading and supply of piping systems and related accessories; (b) valves manufacturing, sales and distribution; (c) engineering solutions for use in water and wastewater infrastructure developments; and (d) food and beverage.
Disposal Consideration	S\$12,000,000 in five (5) tranches

3.2 RATIONALE FOR THE PROPOSED DISPOSAL

The rationale for exiting the Existing Business is set out in section 2.2 of the Circular and we extract in *italics* as follows:

The Group's Existing Businesses have been affected by the series of lockdowns brought on by the Covid-19 pandemic. Given the uncertainties prevailing in the current global economic outlook, the Board believes that it is prudent to take active steps to reposition itself. Following the completion of the Proposed Disposal, the Company will cease its Existing Businesses and focus on the Design and Build Business.

3.3 ABOUT THE DISPOSAL ASSETS

All the Disposal Subsidiaries are wholly-owned subsidiaries of the Company, and the Company carries out its Existing Businesses through the Disposal Subsidiaries and Other Assets.

We further note the following as disclosed in section 5.3 of the Circular:

Based on the latest audited financial statements of the Group for FY2021, the book value, net tangible asset value and the net loss of or attributable to the Disposal Assets are S\$14,847,945, S\$14,893,000 and S\$474,000, respectively.

The net tangible asset value and the net loss of or attributable to the Disposal Assets of S\$14,893,000 and S\$474,000, respectively are the same as the net tangible asset value of the Group as at 31 December 2021 and the net loss of the Group for the financial year ended 31 December ("FY") 2021.

As such, the historical financial statements of the Group are reflective of the historical financial statements of the Disposal Assets, and we have performed our evaluation of the Proposed Disposal based on the historical financial statements of the Group.

We set out the latest audited financial performance and position of the Group in the following paragraphs.

3.3.1 The historical financial performance of the Group

S\$'000	FY2019	FY2020	FY2021
Revenue	23,372	22,927	22,240
Less: Revenue from disposed subsidiaries ⁽¹⁾	(1,026)	-	-
Revenue from Existing Businesses	22,346	22,927	22,240
Profit/(Loss) before tax	655	148	(225)
Add/Less: Loss/(Profit) before tax from disposed subsidiaries ⁽¹⁾	7	54	-
Add/Less: Loss/(Gain) on disposal ⁽¹⁾	44	(730)	-
Profit/(Loss) before tax from Existing Businesses	706	(528)	(225)
Gross profit (including disposed subsidiaries)	7,927	6,925	6,571
Profit/(Loss) net of tax (including disposed subsidiaries)	436	(249)	(474)
Profit/(Loss) net of tax attributable to owners of the Company (including disposed subsidiaries)	408	(249)	(474)

Note:

- (1) The disposed subsidiaries were Pan Asian Manufacturing (Tianjin) Co. Ltd, W.D. Moore (2013) Pty Ltd and PA Tech (Asia) Pte Ltd whose results were consolidated in FY2019 and FY2020, and subsequently disposed.

Revenue

As set out in the table above, there were no material fluctuations to the Group's revenue from FY2019 to FY2021. The Group's revenue decreased slightly by 1.9% from FY2019 to FY2020 followed by another slight decrease by 3.0% from FY2020 to FY2021.

We extract in *italics* the explanation for the fluctuation in the Group's revenue from its annual reports as follows:

In relation to the Group's performance for FY2020 as compared to FY2019 – *The Group's recorded revenue of \$22.9 million, a decrease of \$0.4 million in FY2020 was mainly due to lower revenue contribution from entities in Singapore, Holland and China. Singapore and China entities recorded a decrease in revenue of \$0.9 million and \$1.2 million respectively*

mainly due to restrictions and measures put in place by the Chinese Government during the first half of FY2020 and the relocation of its manufacturing plant to Wuhu. While the Hong Kong entity managed to deliver the demands required by its customers. FY2020 saw an increase in demand for industrial products in Hong Kong.

In relation to the Group's performance for FY2021 as compared to FY2020 – *The Group's recorded revenue of S\$22.2 million, a decrease of S\$0.7 million in FY2021 was mainly due to a decrease in revenue contributed by the General Trading Segment of S\$3.1 million, where the Group saw a decrease in demand for products in General Trading due to a decrease in Government public projects being rolled out during the COVID-19 period. This was partially offset by an increase in sales in the Engineering Solutions Segment of S\$1.6 million and an increase in Valves Segment sales of S\$0.8 million during the year as demand for products and services in these segments increased as one of the Group's subsidiaries' operations commenced in North Asia for a 12-month period for the first time in FY2021 and the Group has made progress in its existing Engineering Project.*

Gross Profit

While there were no material fluctuations to the Group's revenue from FY2019 to FY2021, the Group's gross profit decreased significantly by 12.6% from FY2019 to FY2020 followed by another significant decrease by 5.1% from FY2020 to FY2021. As a result, the Group's gross profit margin decreased from 33.9% in FY2019 to 30.2% in FY2020 and further decreased to 29.5% in FY2021

We extract in *italics* the explanation for the fluctuation in the Group's gross profit from its annual reports as follows:

In relation to the Group's performance for FY2020 as compared to FY2019 – *The Group recorded a decrease in gross profit of \$1.0 million in FY2020. Gross profit margin for FY2020 is 30.2%, a decrease from FY2019 of 33.9%. This was caused by intense competition and higher freight cost due to COVID-19 that caused the gross margin to decline. Other contributing factors to the decline in gross profit margin was due to the COVID-19 pandemic that made it difficult for the Group to secure more orders and projects with a higher gross profit margin as compared to FY2019.*

In relation to the Group's performance for FY2021 as compared to FY2020 – *The Group managed to keep the Gross Profit Margin relatively unchanged in FY2021 due to tighter management control over its cost of sales.*

Profit/(Loss) net of tax

We extract in *italics* the explanation for the fluctuation in the Group's profit/(loss) net of tax from its annual reports as follows:

In relation to the Group's performance for FY2019 – *In achieving this result, the Group focused on its key businesses and strategies across all operating units. We managed to implement and enhance our cost-cutting measures successfully and streamlined business processes to deliver customer's orders efficiently. This involves increased effort and time*

spent on monitoring and controlling costs. This was proven to be effective as the Group managed to earn a higher gross margin and net profits despite recording lower revenue in FY2019.

In relation to the Group's performance for FY2020 – The Group recorded Net Loss after tax ("NLAT") of \$249,000 for the financial year ended 31 December 2020 ("FY2020") due to COVID-19 Circuit Breaker lockdown measures were implemented in Singapore.

In relation to the Group's performance for FY2021 – The Group recorded Net Loss after tax ("NLAT") of S\$474,000 for the financial year ended 31 December 2021 ("FY2021") due to the Group recording weaker results in first half of FY2021 mainly attributable to delay in revenue recognition as the Group's businesses and operations continue to be adversely affected by the strict measures undertaken by Governments to curb the spread of COVID-19.

Earnings before interest, tax, depreciation and amortisation ("EBITDA")

Given the losses reported by the Group in FY2021 as set out above, we calculate if the Group registered any EBITDA for FY2021 as follows:

S\$'000	FY2021
Loss before tax	(255)
Add:	
Interest expense	165
Depreciation of property, plant and equipment	681
Depreciation of right-of-use assets	360
Less:	
Interest income	(50)
EBITDA	901

In addition, we note that the Group had other non-operating gains and expenses as follows:

S\$'000	FY2021
Foreign exchange adjustment losses, net	(24)
Gains on disposal of property, plant and equipment, net	23
Government grants	218
Net allowance for impairment on property, plant and equipment	(63)
Rental income	50

Excluding these non-operating gains and expenses, the Group will have an adjusted EBITDA of S\$697,000 (the “**Adjusted EBITDA**”) for FY2021.

3.3.2 The financial position of the Group

S\$'000	As at 31 December 2021
Current assets	18,189
Current liabilities	(11,069)
Net working capital	7,120
Non-current assets	11,181
Non-current liabilities	(3,408)
Net asset value (“NAV”)	14,893

The current assets of the Group comprised mainly trade and other receivables of S\$9.3 million, cash and cash equivalents of S\$3.7 million, other assets (prepayments and deposits) of S\$2.8 million and contract assets of S\$1.5 million.

The current liabilities of the Group comprised mainly trade and other payables of S\$8.1 million and other financial liabilities (comprising bank loans and trust receipts for purchase of inventories) of S\$2.4 million.

The non-current assets of the Group comprised mainly property, plant and equipment of S\$10.0 million. These include mainly the Group’s land and building in Tuas South Link 3 (the “**Tuas Property**”) and three (3) units in CT Hub (one of which is occupied as the registered office of the Company). We note from the Company’s public announcements that the Group acquired the 20-year leasehold land in Tuas South Link 3 for S\$2.5 million via a public tender in FY2017 and contracted the construction of the building on the land for a sum of S\$3.5 million in FY2018. The construction of the Tuas Property was completed in February 2019. We understand that the Group had originally intended to relocate its headquarters to the Tuas Property after completion. However, after considering the accessibility of the Tuas Property, the Group did not make the relocation.

The non-current liabilities of the Group comprised financial liabilities (bank loans) of S\$2.9 million and lease liabilities of S\$0.5 million.

3.4 THE BASIS OF THE DISPOSAL CONSIDERATION

We extract the following from section 5.4.2 of the Circular:

The Disposal Consideration was arrived at by mutual agreement between the Company and the Purchaser after arm’s length negotiations, on a “willing buyer willing seller” basis, taking into consideration the following factors:

- (a) *the valuation carried out on the Disposal Assets (as described below);*

- (b) *the listings of one of the Disposal Assets being the Group's land and building at Tuas South Link 3, Plot 24 (the "**Tuas Property**") (which carries an estimated value of S\$6.3 million based on the preliminary valuation conducted by the Valuer using direct comparison method) for sale on two reputable property listing websites in March 2022 at a price of S\$4.0 million with no offer received by the Company;*
- (c) *the continued losses registered of the Group in FY2018, FY2020 and FY2021. While the Group registered a net profit attributable to shareholders of S\$408,000 for FY2019, the Group's cost-cutting and monitoring measures implemented in FY2019 were not sustainable in the long run.*

The following is extracted from section 5.4.3 of the Circular:

In connection with the Proposed Disposal, the Company has commissioned the Independent Valuer, as a competent and independent valuer to perform a valuation on the Disposal Assets, pursuant to Rule 1014(5) of the Catalyst Rules. Based on the Disposal Valuation Report, the market value of the Disposal Assets as at 31 December 2021 is S\$15,976,694 which represents an increase of approximately 7.6% from the preliminary valuation of the Disposal Assets of S\$14,848,945 as disclosed in the Announcement. As the difference between the preliminary valuation and the final valuation of the Disposal Assets are not significant, the Company and the Purchaser have agreed that no adjustment will be made to the Disposal Consideration as disclosed in the Announcement.

3.4.1 Disposal Consideration to be received in five (5) tranches

As disclosed in section 5.4.2 of the Circular, the Disposal Consideration shall be satisfied by the Purchaser in cash over five (5) tranches.

We noted from the five (5) tranches of the Disposal Consideration is broadly based on the countries of incorporation of the Disposal Subsidiaries, with the first tranche relating to the Disposal Subsidiaries in Singapore; the second tranche relating to the Other Assets which are mainly the properties located in Singapore; the third tranche relating to the Disposal Subsidiaries in Hong Kong, the fourth tranche relating to the Disposal Subsidiaries in the People's Republic of China and the last and fifth tranche relating to the Disposal Subsidiaries in Indonesia.

We understand that the Company, the Purchaser and the Covenantor have agreed to the various tranches after taking into consideration the estimated time required to process the transfer matters in the various jurisdictions.

In addition, we note that if the transfers of the Disposal Assets corresponding to any of the tranches (save for the fifth tranche) to the Purchaser are not effective within three (3) months after the completion of the Proposed Disposal (or such other date as may be agreed between the Company and the Purchaser) and subject to the receipt of the relevant cashier's order in respect of the relevant tranche from the Purchaser, the Company undertakes to convert the relevant cashier's order in respect of the Relevant Tranche to cash and pay such cash amount to the Purchaser provided that any payment so received by the Purchaser shall be

held by the Purchaser on trust for the Company and shall be forwarded and released in full by the Purchaser to the Company on the date of the effective transfer of such Disposal Assets.

3.5 OTHER KEY TERMS OF THE DISPOSAL SPA

The key terms of the Disposal SPA (other than the terms relating to the subject of the Proposed Disposal and the Disposal Consideration summarised in paragraphs 3.1 and 3.4 of this IFA Letter) are set out in sections 5.4.4 to 5.4.6 of the Circular.

3.5.1 Conditions Precedent

The conditions precedent are set out in section 5.4.4 of the Circular and we wish to highlight the following as extracted in *italics*:

- (d) *the Covenantor having sold its entire shareholding in the Company and the proceeds from such sale to be made out to the Company in the form of cashier's orders in the manner as set out in the Disposal SPA. This will be applied towards the settlement of the Disposal Consideration*

The conditions precedent to the Proposed Disposal are to be fulfilled on or before 5.00 pm on 28 August 2022, being four (4) months from the date of the Disposal SPA.

3.5.2 Warranties, Indemnity and Guarantee

We note that the Company has not provided the Purchaser and the Covenantor with any representations or warranties in respect of the Disposal Assets other than in respect of the Company's capacity and authority to enter into the Disposal SPA while the Purchaser and the Covenantor will jointly and severally indemnify the Company, its officers and agents against any and all loss, damage, cost or expense (including legal costs on a full indemnity basis) that they may suffer or incur in relation to any claim made by any third party concerning any of the Disposal Assets, arising from and/or occasioned by any and all matters occurring after the completion of the Proposed Disposal.

3.6 USE OF PROCEEDS FROM THE PROPOSED DISPOSAL

We note and extract the following from section 5.5 of the Circular:

The Company will use 100% of the proceeds from the Proposed Disposal to finance the Proposed Acquisition.

3.7 ABOUT THE PURCHASER AND THE COVENANTOR

Information on the Purchaser and the Covenantor is set out in section 5.2 of the Circular and we set out certain information in *italics* as follows:

The Purchaser is an investment holding company incorporated as a private company limited by shares in Singapore on 8 December 2021. Mr. Richard Koh Chye Heng is the sole shareholder and sole director of the Purchaser.

The Covenantor is the largest shareholder of the Company, with a shareholding interest of 50.95% in the Company as at the date of this Agreement. Mr. Richard Koh Chye Heng, the Executive Chairman of the Company, is deemed to be interested in the shares in the capital of the Company held by the Covenantor by virtue of his shareholding in the Covenantor. Mr. Richard Koh Chye Heng holds one golden share in the Covenantor and by virtue of the Covenantor's constitution, he is deemed to have the ability to exercise dominant influence over the Covenantor.

We also note from section 2.2 of the Circular under the rationale for the Proposed Transactions, and set out in *italics*, as follows:

In considering funding options for the Proposed Acquisition by the Board, Mr. Richard Koh Chye Heng, the Executive Chairman of the Company expressed an interest in acquiring from the Company all its Existing Businesses, as he wishes to retire from managing a public listed company given his age (74 years old) and after considering listing compliance costs of a public listed company and the returns generated by the Existing Businesses in the past four financial years, he plans to restructure and operate the Existing Businesses on his own term as a private entity following the completion of the Proposed Disposal. The Board has considered the fact that the Company has not tapped on the capital markets for further funding since its listing on the SGX-ST other than the rights issue exercise undertaken in 2011. The Board is of the view that the Proposed Disposal presents a good opportunity for the Company to exit its Existing Businesses and the proceeds from the Proposed Disposal will provide the Company with the necessary funding to finance the Proposed Acquisition.

3.8 AGGREGATE VALUE OF INTERESTED PERSON TRANSACTIONS

Pursuant to Rule 921(4)(a) of the Catalist Rules, the IFA needs to opine on whether the Proposed Disposal and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Catalist Rules are on normal commercial terms, and whether the Proposed Disposal and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Catalist Rules is prejudicial to the interest of the Company and its minority Shareholders.

The Company informs that the Group has ongoing interested person transactions in relation to the rental of factory space and equipment in the People's Republic of China from the Covenantor as follows:

- (a) Rental agreement dated 1 July 2020 between Duvalco Valves & Fittings Pte. Ltd. and the Covenantor where Duvalco Valves & Fittings Pte. Ltd. agreed to lease equipment

and factory space from the Covenantor at an annual fee of S\$100,000 and S\$300,000 respectively for the period from 1 July 2020 and 30 June 2023; and

- (b) Rental agreement dated 1 July 2020 between MUHR Asia Pte. Ltd. and the Covenantor where MUHR Asia Pte. Ltd. agreed to lease factory space from the Covenantor at an annual fee of S\$200,000 for the period from 1 July 2020 and 30 June 2023.

Save as disclosed, the Group did not have any interested person transaction with the same interested person as the Purchaser and the Covenantor in the financial year ending 31 December 2022.

The rental of factory space by the Group from the Covenantor is a transaction exempted from aggregation under Rule 916 of the Catalist Rules while the rental of equipment is a subject of aggregation with the Proposed Disposal pursuant to Rule 906 of the Catalist Rules.

Please refer to paragraph 5 of this IFA Letter for our review of the rental of equipment.

3.9 INTER-CONDITIONALITY OF THE PROPOSED TRANSACTIONS

The inter-conditionality of the resolutions relating to the Proposed Transactions is not a term under the Disposal SPA. Nevertheless, we note that the resolutions in relation to the Proposed Transactions are being proposed as inter-conditional by the Company.

We extract in *italics* from section 1.2 of the Circular as follows:

Shareholders should note that the resolutions for Proposed Transactions are inter-conditional of each other. If any of the resolutions are not passed, the Proposed Transactions would not take place.

4. EVALUATION OF THE PROPOSED DISPOSAL

As mentioned in previous paragraphs, the historical financial statements of the Group are reflective of the historical financial statements of the Disposal Assets. Accordingly, our evaluation of the Proposed Disposal is based on the historical financial statements of the Group.

The following are factors which we consider to be pertinent and to have a significant bearing on our evaluation of the Proposed Disposal:

- (a) the value of the Disposal Assets based on the Disposal Valuation Report;
- (b) the financial ratios of the Proposed Disposal;
- (c) the valuation statistics of listed companies comparable to the Group;
- (d) the pro forma financial effects of the Proposed Disposal; and

(e) other considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

4.1 THE VALUE OF THE DISPOSAL ASSETS BASED ON THE DISPOSAL VALUATION REPORT

The Company has commissioned the Valuer to assess and determine the market value of the Disposal Assets as at 31 December 2021 (the “**Valuation Date**”) for the Proposed Disposal. Shareholders are advised to read the Disposal Valuation Report carefully, in particular, the valuation methodology as well as the key assumptions and critical factors which may materially affect the valuation of the Disposal Assets.

Valuation approach adopted by the Valuer

Valuation methodology: Summation method under the cost approach

We extract certain details in *italics* as follows:

To select the most appropriate approach, we have considered the purpose of the valuation and the resulting basis of value as well as the availability and reliability of information provided to us to form perform an analysis. We have also considered the relative advantages and disadvantages of each approach to the nature and circumstances of this Subject. In our opinion, the income approach is inappropriate as this approach require detailed operational information and long-term financial projection of the Target Company but such information is not available to us. On the other hand, it is difficult to identify companies that can be considered as comparable to the business as well as financial position and performance of the Target Company. Hence, market approach is not suitable. Based on the abovementioned reasons, we have adopted the summation method under the cost approach to estimate the opinion of value of the Subject in this valuation.

The summation method is typically adopted for subject when its value is primarily a factor of the value of the holding assets and liabilities. Under the summation method, each identifiable asset and liability of the Target Company is being valued using the appropriate valuation approaches, and our opinion of value of the subject is derived by adding component assets and deducting component liabilities.

Below table listed out the adopted valuation approach for each of the identifiable assets and liabilities.

Identifiable Asset	Valuation Approach
<i>Property, plant and equipment</i>	<i>Comprised of leasehold land and building, motor vehicles, plant and machinery, furniture and fitting, renovation, computer hardware and software, moulds and toolings and construction in progress.</i>

	<p><i>For motor vehicles, plant and machinery, furniture and fitting, renovation, computer hardware and software, moulds and toolings and construction in progress, they are based on the book values provided by the Target Company.</i></p> <p><i>For leasehold land and building, we have adopted the direct comparison method.</i></p>
<i>Investments in associate</i>	<i>Comprised of SPJV Integrated LLP. We have adopted the summation method under the cost approach to estimate the opinion of value as SPJV Integrated LLP has been loss making.</i>
<i>Investments in joint ventures</i>	<i>Comprised of MUHR Asia Pte Ltd, Wuhu MUHR Manufacturing Co Ltd and Duvalco UK Limited. We have adopted the summation method under the cost approach to estimate the opinion of values as the joint ventures have been loss making.</i>
<i>Other assets</i>	<i>Based on the book values provided by the Target Company.</i>

Identifiable Liability	Valuation Approach
<i>Non-current liabilities</i>	<i>Based on the book values provided by the Target Company.</i>
<i>Current liabilities</i>	<i>Based on the book values provided by the Target Company.</i>

Key assumptions highlighted by the Valuer

We extract certain assumptions in *italics* as follows:

- *We assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued;*
- *We have assumed the accuracy of the financial and operational information such as management accounts, contractual agreements and manufacturing capabilities, provided to us by the Company relied to a considerable extent on such information in arriving at our opinion of value; and*
- *We have assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.*

Market value as opined by the Valuer

We extract as follows:

Based on the results of our investigations and analyses, we are of the opinion that the market value of 100% equity interest in Pan Asian Holdings Limited as at the Valuation Date are reasonably stated at the amount of SGD15,976,694.

The Disposal Consideration of S\$12.0 million represents a discount of 24.9% to the market value as opined by the Valuer. Excluding cash and cash equivalents of S\$3,669,000 as at 31 December 2021, the Disposal Consideration (less cash and cash equivalents) of S\$8.3 million represents a discount of S\$4.0 million (or 32.3%) to the market value (less cash and cash equivalents) as opined by the Valuer of S\$12.3 million.

4.1.1 Variance between valuation and the carrying value of the assets and liabilities of the Group

(a) Leasehold land and buildings

We note that the Valuer has assigned the following market value to the leasehold land and buildings of the Group as at the Valuation Date:

Leasehold land and buildings	Market value as opined by the Valuer (S\$)
Tuas Property	6,000,000
Freehold property at Malaysia	106,945
CT Hub Property, #05-18	3,610,000
CT Hub Property, #05-19	
CT Hub Property, #06-03	
Total	9,716,945

However, as set out in section 5.4.2 of the Circular, the Company listed the Tuas Property for sale in March 2022 at S\$4.0 million and received no offer for the Tuas Property.

Had the value of the Tuas Property be adjusted to S\$4.0 million as compared to S\$6.0 million in the Disposal Valuation Report, the valuation of the Disposal Assets would have decreased by S\$2.0 million correspondingly.

(b) Investments in joint ventures

The Group has investments in three (3) joint ventures which had carrying value of S\$62,000 as at 31 December 2021. We note from the Disposal Valuation Report that the Group has aggregated the NAV of the three (3) joint ventures to arrive at the carrying value of its investments in joint ventures as at 31 December 2021 and one of the joint ventures had negative NAV as at 31 December 2021.

As the Group would not have been able to dispose the negative NAV at negative consideration, the Valuer factored a zero value consideration for the negative NAV joint venture. This is a fair consideration and we will not be adjusting the market value of the Group to take into account the negative NAV of the joint venture.

4.1.2 Adjustments to the valuation

Based on the variances as set out above, we made the following adjustments to the valuation in the Disposal Valuation Report:

	S\$'000
Market value of the Disposal Assets as opined by the Valuer	15,977
Less: Difference between the market value of the Tuas Property and the S\$4.0 million offer price of the Tuas Property put up by the Company	(2,000)
Adjusted valuation	<u>13,977</u>

The Disposal Consideration represents a discount of S\$2.0 million (or 14.1%) to the adjusted valuation of the Group as set out in the table above.

Excluding cash and cash equivalents of S\$3,669,000 as at 31 December 2021, the Disposal Consideration (less cash and cash equivalents) of S\$8.3 million represents a discount of 19.2% to the adjusted valuation (less cash and cash equivalents) of the Group.

4.2 THE FINANCIAL RATIOS OF THE PROPOSED DISPOSAL

4.2.1 Ratios implied by the valuation

Based on the Disposal Consideration and the market value of S\$16.0 million as opined by the Valuer, the price-to-valuation ("**P/Valuation**") ratio of the Group is 0.75 times.

Based on the Disposal Consideration and the adjusted market value of S\$14.0 million set out in paragraph 4.1.2 of this IFA letter, the adjusted P/Valuation ratio of the Group is 0.86 times.

4.2.2 Ratios implied by the NAV

Based on the Disposal Consideration and the audited NAV of the Group of S\$14.9 million as at 31 December 2021, the price-to-NAV ("**P/NAV**") ratio of the Group is 0.81 times.

As at 31 December 2021, the leasehold land and buildings of the Group had a book value of S\$8,673,000. Based on the market value of the leasehold land and buildings of the Group opined by the Valuer as set out in paragraph 4.1.1(b) and after taking into consideration the listing offer price of the Tuas Property, the Group will have a revalued NAV ("**RNAV**") of S\$13.9 million as at 31 December 2021. Based on the Disposal Consideration and the RNAV, the price-to-RNAV ("**P/RNAV**") ratio of the Group is 0.86 times.

4.2.3 Ratios implied by the Group's earnings

As set out in paragraph 3.3.1 of this IFA Letter, the Group had loss net of tax net of tax attributable to owners of the Company in FY2021. Accordingly, the price-earnings ("P/E") ratio of the Group is negative and is not meaningful.

We have calculated the Group's EBITDA and adjusted EBITDA to be S\$901,000 and S\$697,000 for FY2021 as set out in paragraph 3.3.1 of this IFA Letter.

We calculate the enterprise value ("EV") of the Group:

	S\$'000
Disposal Consideration	12,000
Add: Borrowings of the Group including financial liabilities and lease liabilities	6,097
Less: Cash and cash equivalents	(3,669)
EV	<u>14,428</u>

Based on the EV and the EBITDA of the Group for FY2021, the EV-to-EBITDA ("EV/EBITDA") ratio of the Group is 16.0 times.

Based on the EV and the adjusted EBITDA of the Group for FY2021, the adjusted EV/EBITDA ratio of the Group is 20.7 times.

4.3 VALUATION STATISTICS OF LISTED COMPANIES COMPARABLE TO THE GROUP

For a more meaningful evaluation, we compare the valuation statistics set out in paragraph 4.2 of this IFA Letter against valuation statistics of listed companies comparable to the Group.

We note that the Valuer has indicated that it is difficult to identify companies that can be considered as comparable to the business as well as financial position and performance of the Group and market approach is not adopted for the valuation set out in paragraph 4.1 of this IFA Letter.

We agree that there is no listed company that is directly comparable to the Group in terms of, *inter alia*, business activities, products, size and scale of operations, risk profile, asset composition, operating and financial position, track record and future prospects. In particular, we note that there is no comparable company of the Group listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

Based on the key word search for listed comparable companies of the Group, we have only identified 10 companies which have business and/or products which are broadly comparable to the Group. Given the limitation of comparable companies, we have included all listed companies which have business and/or products which are broadly comparable to the Group

(the “**Comparable Companies**”) and do not further shortlist them based on market capitalisation. As these Comparable Companies are listed on foreign stock exchanges, the accounting policies and tax matters may differ. As such, any comparison merely serves as an illustrative purpose.

We set out in the table below the list of Comparable Companies, together with brief information on these companies:

Comparable Companies / Listing venue	Description
Badger Meter Inc / New York	Badger Meter, Inc. manufactures and markets flow measurement and control products. The company's products are used to measure and control the flow of liquids and gases in a variety of applications. The company's products include water meters and associated systems, wastewater meters, industrial process meters, automotive fluid meters, small valves, and natural gas instruments.
Core & Main, Inc / New York	Core & Main, Inc. operates as a distributor of water, wastewater, storm drainage, and fire protection products. The company clamps, couplings, tapping sleeves, fittings, meters, pipes, pumps, restraints, valves, manholes, control structures, inline drains, reinforced concrete, downspout adapters, and oil water separators.
DMW Corporation / Tokyo	DMW Corporation manufactures pumps for the agricultural, chemical, mining, and civil engineering industries, including pumps used in hydro and thermal power stations and water sewage systems. The company produces union, power, centrifugal, and petroleum refining types, among others. The company also manufactures fans, blowers, valves, and switchboards.
Filtra Consultants & Engineers Ltd / India	Filtra Consultants & Engineers Ltd. provides water treatment components. The company offers multiport valves, pressure vessels, connectivity meters, control panels, high pressure pumps, pressure switches, purifiers, and dosing systems. Filtra Consultants & Engineers Ltd. is based in India.
Flowserve Corporation / New York	Flowserve Corporation designs, manufactures, distributes, and services industrial flow management equipment throughout the world. The company provides pumps, valves, and mechanical seals primarily for the refinery and pipeline segments of the petroleum, chemical processing, power generation, and water treatment industries.
Hai Duong Pump Manufacturing Joint Stock Company / Hanoi	Hai Duong Pump Manufacturing Joint Stock Company manufactures, imports and exports pumps, valves, industrial fans, water turbines, and other mechanical products. The company also offers services for irrigation systems, pumps, and valves.

**Comparable Companies
/ Listing venue**

Description

KSB Limited / India	KSB Limited manufactures power driven pumps and industrial valves. The company produces and distributes a range of control valves, desuperheaters, actuators, and spare parts. KSB Limited serves energy, oil and gas, water, and construction industries in India.
Mueller Water Products Inc / New York	Mueller Water Products, Inc. manufactures a broad range of water infrastructure and flow control products for use in water distribution networks, water and wastewater treatment facilities, gas distribution systems and fire protection piping systems.
SiamEast Solutions Public Company Limited / Bangkok	SiamEast Solutions Public Company Limited provides industrial equipment sales and services. The company offers pumping system technology, piping solutions, process equipment, sound insulation, and coating products. SiamEast Solutions serves customers in Thailand.
Yokota Manufacturing Co Ltd / Tokyo	Yokota Manufacturing Co Ltd develops and manufactures of pumps and valves that control fluid such as water.

Source: Bloomberg L.P. and reuters.com

We set out the P/NAV ratio and EV/EBITDA ratio of the Comparable Companies as follows:

Comparable Companies	Market Capitalisation ⁽¹⁾ (S\$'m)	Net profit ⁽²⁾ (S\$'m)	P/NAV ratio ⁽²⁾ (times)	EV/EBITDA ratio ⁽²⁾ (times)
Badger Meter Inc	3,199.2	82.9	5.6	20.2
Core & Main, Inc	5,297.1	223.5	2.9	10.3
DMW Corporation	164.3	25.7	0.7	2.7
Filtra Consultants & Engineers Ltd	2.1	0.2	0.8	5.8
Flowserve Corporation	5,432.2	129.6	2.2	16.0
Hai Duong Pump Manufacturing Joint Stock Company	20.0	1.6	1.4	8.1
KSB Limited	796.2	27.2	4.4	19.4
Mueller Water Products Inc	2,548.2	102.3	2.6	11.3
SiamEast Solutions Public Company Limited	29.5	1.9	2.1	14.4

Comparable Companies	Market Capitalisation ⁽¹⁾ (S\$m)	Net profit ⁽²⁾ (S\$m)	P/NAV ratio ⁽²⁾ (times)	EV/EBITDA ratio ⁽²⁾ (times)
Yokota Manufacturing Co Ltd	21.4	2.5	0.8	1.0
Maximum			5.6	20.2
Minimum			0.7	1.0
Mean			2.4	10.9
Median			2.2	10.8
The Disposal Assets	12.0	(0.5)	0.8 ⁽³⁾	16.0 ⁽⁴⁾
			0.9 ⁽³⁾	20.7 ⁽⁴⁾

Source: Bloomberg L.P.

Notes:

- (1) Based on last traded prices of the respective Comparable Companies as at the Latest Practicable Date.
- (2) Based on latest available financial statements as announced by the respective Comparable Companies.
- (3) Based on the P/Valuation ratio, the adjusted P/Valuation ratio, the P/NAV ratio and P/RNAV ratio set out in paragraph 4.2.2 of this IFA Letter.
- (4) Based on the EV/EBITDA ratios set out in paragraph 4.2.3 of this IFA Letter.

As set out in the table above:

- (a) the P/Valuation ratio, the adjusted P/Valuation ratio, the P/NAV ratio and P/RNAV ratio of the Disposal Assets as implied by the Disposal Consideration are within the range but below the mean and median P/NAV ratios of the Comparable Companies; and
- (b) the EV/EBITDA ratios of the Disposal Assets (whether based on EBITDA or adjusted EBITDA as set out in paragraph 4.2.3 of this IFA Letter) are within the range and higher than the mean and median EV/EBITDA ratios of the Comparable Companies. If the EV/EBITDA ratios of DMW Corporation and Yokota Manufacturing Co Ltd are excluded as statistical outlier, the mean and median EV/EBITDA ratios of the Comparable Companies will be 13.2 times and 12.9 times respectively and the EV/EBITDA ratios of the Disposal Assets (whether based on EBITDA or adjusted

EBITDA as set out in paragraph 4.2.3 of this IFA Letter) are still higher than these mean and median EV/EBITDA ratios.

We also like to highlight that all of the Comparable Companies are profit making whereas the Disposal Assets registered loss for its most recently completed financial year.

In addition, based on the Disposal Consideration of S\$12 million, if Comparable Companies with market capitalisation below S\$5 million and above S\$100 million have been excluded from the above table, the remaining Comparable Companies are as follows:

Comparable Companies	Market Capitalisation ⁽¹⁾ (S\$m)	Net profit ⁽²⁾ (S\$m)	P/NAV ratio ⁽²⁾ (times)	EV/EBITDA ratio ⁽²⁾ (times)
Hai Duong Pump Manufacturing Joint Stock Company	20.0	1.6	1.4	8.1
SiamEast Solutions Public Company Limited	29.5	1.9	2.1	14.4
Yokota Manufacturing Co Ltd	21.4	2.5	0.8	1.0

The P/Valuation ratio, the adjusted P/Valuation ratio, the P/NAV ratio and P/RNAV ratio of the Disposal Assets of 0.8 times and 0.9 times as implied by the Disposal Consideration respectively are still within the range but at the lower end of the range of the P/NAV ratios of the remaining Comparable Companies. The mean and median P/NAV ratios of the remaining Comparable Companies are 1.6 times and 1.4 times respectively.

The EV/EBITDA ratios of the Disposal Assets (whether based on EBITDA or adjusted EBITDA of 16.0 times and 20.7 times as set out in paragraph 4.2.3 of this IFA Letter) are higher than the range of EV/EBITDA ratios of the remaining Comparable Companies.

4.3.1 Valuation statistics of the Company

The Company is listed on the SGX-ST. We compare the valuation statistics of the Company based on its latest transacted price as at the Latest Practicable Date with the valuation statistics of the Disposal Assets implied by the Disposal Consideration as follows:

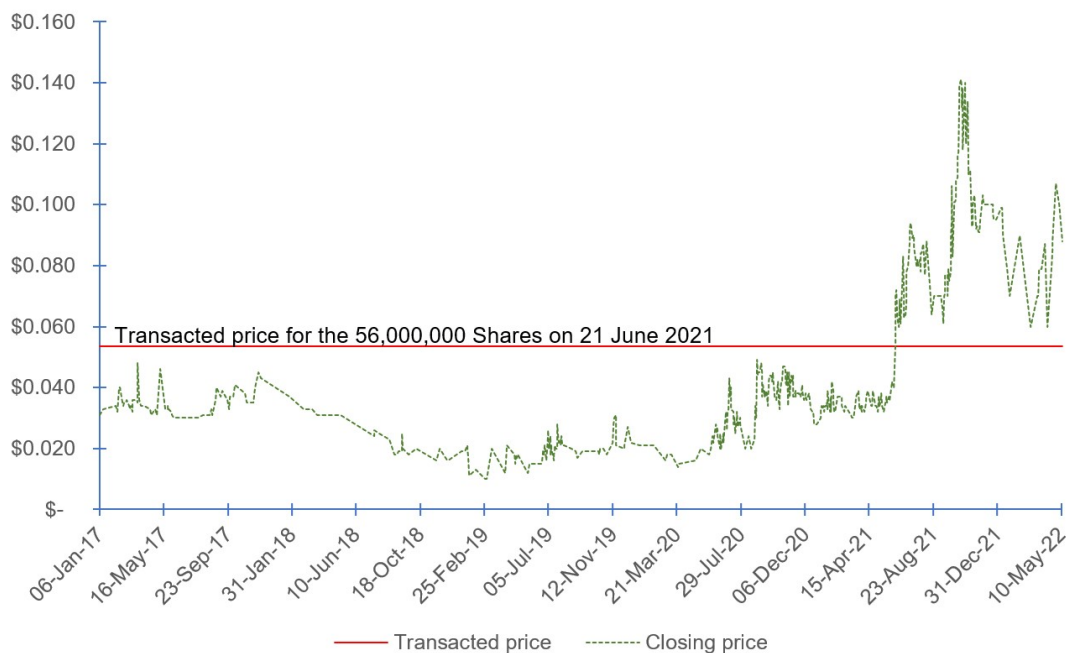
	Market Capitalisation ⁽¹⁾ (S\$m)	Net loss ⁽²⁾ (S\$m)	P/NAV ratio ⁽²⁾ (times)	EV/EBITDA ratio ⁽²⁾ (times)
The Company	18.8	(0.5)	1.3	23.6
The Disposal Assets	12.0	(0.5)	0.8	16.0

While the valuation statistics of the Company as implied by the last transacted price of the Shares as at the Latest Practicable Date are higher than those of the Disposal Assets as implied by the Disposal Consideration, the Company has highlighted the following:

- (1) the Shares have low liquidity. Based on trading statistics of the Shares extracted from Bloomberg, we note that the Shares were only traded for 17 out of 81 market days between 1 January 2022 and 28 April 2022 (being the date of announcement of the Proposed Transactions). The total trading volume of the Shares for the period between 1 January 2022 and 28 April 2022 amounted to only 586,000 Shares and the volume weighted average price of the Shares for the aforesaid period was S\$0.072. Subsequent to the Company's announcement of the Proposed Transactions and up to the Latest Practicable Date, the total trading volume of the Shares amounted to 5,138,300 Shares of which 3,151,900 Shares (or 61.3%) were traded on 29 April 2022, being the date after the announcement of the Proposed Transactions. The Shares traded at a wide range between a low of S\$0.0330 per Share and a high of S\$0.115 per Share on three (3) out of nine (9) market days during the aforesaid period. The valuation statistics of the Group, which is based on the last transacted price of S\$0.088 per Share as at the Latest Practicable Date, may be a reflection of the market's positive reaction to the Proposed Transactions rather than the actual value of the Group; and
- (2) the closing price of the Shares has trended upwards since the sale by Mr. Richard Koh Chye Heng and the purchase by Mr Lim Wei Zhi, Sylvester of 56,000,000 Shares, representing 26.1% interest in the capital of the Company for an aggregate consideration of S\$3.0 million on 21 June 2021 (the "**Share Transaction**").

The implied 100% value of the Group based on the Share Transaction is S\$11.5 million.

We compare the transacted price for the Share Transaction with the closing price of the Shares for the last five (5) years (since 1 January 2017) up to the Latest Practicable Date as follows:



4.4 THE RATIONALE FOR THE PROPOSED DISPOSAL

While it is not within our terms of reference to express, evaluate or comment on the rationale for the Proposed Disposal, we have reviewed the rationale for the Proposed Transactions as set out in section 2.2 of the Circular and note the following:

- (a) the Proposed Disposal is one of the Proposed Transactions, which include the Proposed Diversification of Business, the Proposed Acquisition and the Proposed Change of Name;
- (b) the Proposed Diversification of Business through the Proposed Acquisition is to replace the Group's current revenue streams generated by the Disposal Assets and provide a new income base from the Design and Build Business;
- (c) the Existing Businesses conducted through the Disposal Assets will cease following the completion of the Proposed Disposal; and
- (d) the Board is of the view that the Proposed Disposal presents a good opportunity for the Company to exit its Existing Businesses and the proceeds from the Proposed Disposal will provide the Company with the necessary funding to finance the Proposed Acquisition.

As set out in section 2.2 of the Circular, the Board believes that given the uncertainties prevailing in the current global economic outlook, it is prudent to take active steps to reposition the Group.

We note and extract in *italics* the following disclosure from the Company's results announcement for FY2021 dated 1 March 2022:

The Group's order book as at 31 December 2021 stands at S\$42.2 million, an increase compared to S\$36 million as at 31 December 2020 to be delivered over a period of between 1 month to 5 years.

The ongoing COVID-19 pandemic has continued to bring uncertainty on the global economy and caused widespread global disruptions. These uncertainties have a lesser impact on the Group's operations, productivity and financial performance in FY2021. The Group continue to perform stringent review of its inventories and made additional impairment allowance based on its current net realizable value, the lower valuation of which is due to the current unfavorable market conditions. The business continues to face challenges such as supply chain disruptions, higher material and manpower costs, and higher cost and time resources needed to comply with COVID-safe measures as well as demand and challenges faced to make up for lost time in the completion of projects.

We have enquired and the Company confirms that, despite the stronger order book as at 31 December 2021, these orders were not expected to result in an improvement of revenue for FY2022 as compared to previous years. Further, the Group had government grants of S\$434,000 and S\$218,000 in FY2020 and FY2021, respectively which were largely from the Job Support Scheme (JSS) launched by the Singapore Government to assist the Singapore companies in retaining the local employees during the COVID-19 pandemic. Such government grants only alleviated the losses of the Group for FY2020 and FY2021 and the Group cannot rely on such government grants as the Singapore Government eases the measures in relation to COVID-19.

4.5 OTHER CONSIDERATIONS

In determining whether the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its Shareholders, we have also considered the following:

4.5.1 Pro forma financial effects of the Proposed Disposal

As disclosed in section 5.3 of the Circular, the Proposed Disposal is expected to result in (i) a deficit of proceeds over the book value of the Disposal Assets amounting to approximately S\$3.26 million and (ii) a loss on disposal of approximately S\$3.26 million to the Group.

Based on the deficit of proceeds or loss on disposal, the NTA per Share would have decreased by 1.52 cents while the loss per Share would have increased by 1.52 cents.



4.5.2 The resolutions for the Proposed Transactions are inter-conditional

The resolutions for the Proposed Transactions are inter-conditional of each other, and therefore if any of the resolutions are not passed, none of the Proposed Transactions would have taken place.

4.5.3 Presentation of cashier's order by the Company

As set out in section 5.4.2 of the Circular, the Company will present the cashier's order for the relevant tranche from the Purchaser and refund such amount to the Purchaser (provided that any payment so received by the Purchaser shall be held by the Purchaser on trust for the Company) in the event that any of the transfer of the Disposal Shares is not completed within three months from the date of completion of the Proposed Disposal.

We note that this does not prejudice the Company as the Company would have still hold on to the titles of the Disposal Shares and the Purchaser will be holding such amount on trust for the Company.

4.5.4 Sale of Shares by the Covenantor to satisfy the Disposal Consideration

The Covenantor is the largest shareholder of the Company, holding directly 109,137,500 ordinary shares, representing 50.95% interest in the capital of the Company.

As set out in section 5.4.4 of the Circular, one of the conditions precedent is that the Covenantor will sell all its Shares and the proceeds from such sale to be made out to the Company in the form of cashier's orders in the manner as set out in the Disposal SPA. The Covenantor has up to four (4) months from the date of the Disposal SPA to complete the sale.

Given the low liquidity of the Shares set out in paragraph 4.3 of this IFA Letter, the sale of Shares by the Covenantor may create a "market overhang" which may adversely affect the trading prices of the Shares.

4.5.5 No alternative offer for the Existing Businesses

The Company confirms that it has not received any other offer for the Existing Businesses, the land and building of the Group at Tuas South Link 3 or any of the Disposal Subsidiaries.

4.5.6 Abstention from recommendation and voting

Mr. Richard Koh Chye Heng, has in his capacity as Director, abstained from making any recommendation to the Shareholders on the Proposed Disposal.

As set out in section 10 of the Circular, the Purchaser, the Covenantor, Mr. Richard Koh Chye Heng and their associates shall abstain from exercising their voting rights in respect of all existing issued Shares owned by them and shall not accept appointments as proxies unless specific instructions as to voting are given, in respect of the resolutions to approve the Proposed Disposal.

5. EVALUATION OF INTERESTED PERSON TRANSACTIONS WITH THE COVENANTOR WHICH ARE SUBJECT OF AGGREGATION

As set out in paragraph 3.8 of this IFA Letter, the Group has ongoing interested person transactions with the Covenantor.

We have enquired and the Company confirms that the three-year agreements for the rental of factory space from the Covenantor have been entered into in 2020 based on valuation carried out by a property valuer. Accordingly, the rental of factory space by the Group from the Covenantor is a transaction exempted from aggregation under Rule 916 of the Catalist Rules.

In respect of the rental of equipment which has an annual rental of S\$100,000, we have enquired and the Company confirms that:

- (a) the equipment leased by the Group was of specialised use;
- (b) based on the net book value of the equipment of approximately S\$2.34 million as at 30 June 2020, the rental yield paid by the Group for the equipment is 4%;
- (c) purchasing new specialised equipment would have resulted in depreciation expenses of S\$468,000 annually which is more than the rental fee paid/payable to the Covenantor for the equipment; and
- (d) while the equipment from the Covenantor are not brand new, the equipment were in good condition and the production capacity meets the requirement of Duvalco Valves & Fittings Pte. Ltd. which was then a relatively new set up and did not show sufficient revenue and profits to justify the purchase of new specialised equipment.

Accordingly, the rental of equipment has been entered into by the Group on normal commercial terms.

6. OUR OPINION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Disposal (and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Catalist Rules). We have carefully considered as many factors as we deem essential and balanced them before reaching our opinion. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We wish to highlight the historical financial statements of the Group are reflective of the historical financial statements of the Disposal Assets and our evaluation of the Proposed Disposal is based on the historical financial statements of the Group.

We set out below a summary of the key factors we have taken into our consideration of the Proposed Disposal:

- (a) the Disposal Consideration is below the valuation of the Disposal Assets and the NAV of the Group;
- (b) the P/Valuation ratio, the adjusted P/Valuation ratio, the P/NAV ratio and P/RNAV ratio of the Disposal Assets are 0.75 times, 0.86 times, 0.81 times and 0.86 times, respectively;
- (c) when compared against the Comparable Companies, the P/Valuation ratio, the adjusted P/Valuation ratio, the P/NAV ratio and P/RNAV ratio of the Disposal Assets as implied by the Disposal Consideration are within the range but below the mean and median P/NAV ratios of the Comparable Companies. It should be noted that all of the Comparable Companies are profit making whereas the Disposal Assets registered loss for its most recently completed financial year;
- (d) the EV/EBITDA ratios of the Disposal Assets (whether based on EBITDA or adjusted EBITDA as set out in paragraph 4.2.3 of this IFA Letter) are within the range and higher than the mean and median EV/EBITDA ratios of the Comparable Companies. After excluding Comparable Companies with market capitalisation below S\$5 million and above S\$100 million, the EV/EBITDA ratios of the Disposal Assets (whether based on EBITDA or adjusted EBITDA) are higher than the range of the remaining Comparable Companies;
- (e) while the valuation statistics of the Disposal Assets implied by the Disposal Consideration are lower than the valuation statistics of the Group based on its last transacted price prior to the Latest Practicable Date, the valuation statistics of the Group, which is based on the closing price of S\$0.088 per Share as at the Latest Practicable Date, may be a reflection of the market's positive reaction to the Proposed Transactions rather than the actual value of the Group;
- (f) the closing price of the Shares have trended upwards after the Share Transaction on 21 June 2021;
- (g) the rationale for the Proposed Disposal, principally that the Board believes that given the uncertainties prevailing in the current global economic outlook, it is prudent to take active steps to reposition the Group; and
- (h) other consideration as set out in paragraph 4.5 of this IFA Letter.

Please also refer to paragraph 5 of this IFA Letter for our evaluation of the interested person transaction in relation to the rental of equipment from the Covenantor which is a subject of aggregation pursuant to Rule 906 of the Catalist Rules.

Accordingly, after taking into account the above factors and the information made available to us as at the Latest Practicable Date, we are of the opinion that, the

Proposed Disposal (and all other transactions which are the subject of aggregation pursuant to Rule 906 of the Catalist Rules) is on normal commercial terms and is not prejudicial to the interests of the Company and its Independent Shareholders.

This IFA Letter, which is prepared pursuant to Rule 921(4)(a) of the Catalist Rules, is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the Proposed Disposal, and the recommendation made by them to the Shareholders shall remain the responsibility of the Independent Directors. Neither the Company, the Directors nor the Shareholders may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose, except for the Proposed Disposal, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly
For and on behalf of
XANDAR CAPITAL PTE. LTD.

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

NOTICE OF EXTRAORDINARY GENERAL MEETING

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

*All capitalized terms in this Notice which are not defined herein shall have the same meanings ascribed to them in the Circular to Shareholders of the Company dated 20 May 2022 (the **"Circular"**).*

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (**"EGM"**) of the Company will be held by way of electronic means on Tuesday, 14 June 2022 at 10.00 a.m., for the purpose of considering and, if thought fit, to transact (with or without modifications) the following resolutions:

ORDINARY RESOLUTION 1

THE PROPOSED DIVERSIFICATION OF THE COMPANY'S BUSINESS TO INCLUDE THE DESIGN AND BUILD BUSINESS

THAT subject to and contingent upon the passing of Ordinary Resolutions 2, 3, and Special Resolution 4:-

- (a) approval be and is hereby given for the diversification by the Group to include the Design and Build Business, and any other activities related to the Design and Build Business;
- (b) subject to compliance with the Catalist Rules requiring approval from shareholders in certain circumstances, the Company (directly and/or through its subsidiaries) be and is hereby authorised to invest in, purchase or otherwise acquire or dispose of, from time to time any such assets, investments and shares or interests in any entity that is in the Design and Build Business, enter into any joint ventures or strategic alliances for the Design and Build Business, execute and perform agreements to provide services in relation to the Design and Build Business on such terms and conditions as the Directors deem fit, and such Directors be and are hereby authorised to take such steps and exercise such discretion and do all such acts or things as they deem desirable, necessary or expedient or give effect to such investment, purchase, acquisition, provision of services; and
- (c) the Directors and each of them be and are hereby authorised to complete, enter and do all acts and things (including without limitation, prepare and finalise, approve, sign, execute and deliver all such documents or agreements as may be required) and do all deeds and things as they may consider necessary, desirable, incidental or expedient for the purposes of or to give effect to this Ordinary Resolution and implement any of the foregoing as they think fit and in the interests of the Company.

ORDINARY RESOLUTION 2

THE PROPOSED ACQUISITION OF THE ENTIRE AND ISSUED PAID-UP CAPITAL OF SEVENS CREATION PTE. LTD.

THAT subject to and contingent upon the passing of Ordinary Resolutions 1 and 3 and Special Resolution 4:-

- (a) the Proposed Acquisition be and is hereby approved and that authority be and is hereby granted to the Directors to carry out and implement the Proposed Acquisition in accordance with the Acquisition SPA, and any other transactions and/or ancillary documents contemplated under the Acquisition SPA; and
- (b) the Directors and each of them be and are hereby authorised to complete, enter and do all acts and things (including without limitation, prepare and finalise, approve, sign, execute and deliver all such documents or agreements as may be required) and do all deeds and things as they

NOTICE OF EXTRAORDINARY GENERAL MEETING

may consider necessary, desirable, incidental or expedient for the purposes of or to give effect to this Ordinary Resolution and implement any of the foregoing as they think fit and in the interests of the Company.

ORDINARY RESOLUTION 3

THE PROPOSED DISPOSAL OF THE DISPOSAL ASSETS

THAT subject to and contingent upon the passing of Ordinary Resolutions 1, 2 and Special Resolution 4:-

- (a) the Proposed Disposal be and is hereby approved and that authority be and is hereby granted to the Directors to carry out and implement the Proposed Disposal in accordance with the Disposal SPA, and any other transactions and/or ancillary documents contemplated under the Disposal SPA, as an interested person transaction under Chapter 9 of the Catalist Rules, a major transaction under Chapter 10 of the Catalist Rules; and
- (b) the Directors and each of them be and are hereby authorised to complete, enter and do all acts and things (including without limitation, prepare and finalise, approve, sign, execute and deliver all such documents or agreements as may be required) and do all deeds and things as they may consider necessary, desirable, incidental or expedient for the purposes of or to give effect to this Ordinary Resolution and implement any of the foregoing as they think fit and in the interests of the Company.

SPECIAL RESOLUTION 4

THE PROPOSED CHANGE OF NAME

THAT subject to and contingent upon the passing of Ordinary Resolutions 1, 2 and 3:-

- (a) subject to the approval of the Accounting and Corporate Regulatory Authority of Singapore, the name of the Company be changed from “Pan Asian Holdings Limited” to “Sevens Atelier Limited” and that the name “Sevens Atelier Limited” be substituted for “Pan Asian Holdings Limited” wherever the latter name appears in the Constitution of the Company; and
- (b) each of the Directors of the Company be and is hereby authorised to complete and do all such acts and things (including or amending such documents as may be required) as he may consider necessary, desirable or expedient to give effect to this resolution as he may deem fit.

BY ORDER OF THE BOARD

Richard Koh Chye Heng
Executive Chairman

20 May 2022

Personal data privacy

By completing and submitting the proxy form appointing the Chairman of the EGM to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration, analysis and facilitation by the Company (or its agents or its service providers) of the appointment of the Chairman of the EGM as proxy for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. The EGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will not be sent to members. Instead, this Notice will be sent to members by electronic means via announcement on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements> and may be accessed at the Company's website at the URL <http://www.panasian.com.sg/investors-media-menu/announcements>.
2. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the EGM can be electronically accessed via "live" audio-and-video webcast or "live" audio-only stream), submission of questions to the Chairman of the EGM in advance of the EGM, addressing of substantial and relevant questions either before the EGM (including at a virtual information session ("**VIS**")) or at the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out in this Notice, which may be accessed at the Company's website at the URL <http://www.panasian.com.sg/investors-media-menu/announcements>, and will also be made available on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.
3. Members will not be able to attend the EGM in person. Shareholders, CPFIS Investors and SRS Investors who wish to follow the proceedings through a "live" audio-and-video webcast via their mobile phones, tablets or computers or listen to the proceedings through a "live" audio-only stream via telephone must pre-register at <https://globalmeeting.bigbangdesign.co/panasian2022egm/> no later than 10.00 a.m. on 11 June 2022 (the "**Registration Deadline**"). Following verification, an email containing instructions on how to access the "live" audio-and-video webcast and "live" audio-only stream of the proceedings of the EGM will be sent to authenticated Shareholders, CPFIS Investors and SRS Investors by 12 p.m. on 13 June 2022.

Shareholders, CPFIS Investors and SRS Investors who do not receive any email by 12 p.m. on 13 June 2022, but have registered by the Registration Deadline, should contact the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com stating: (a) his/her/its full name; and (b) his/her/its identification/ registration number.

An investor holding Shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore) ("**Investors**") (other than CPFIS Investors and SRS Investors) will not be able to pre-register at <https://globalmeeting.bigbangdesign.co/panasian2022egm/> for the "live" broadcast of the EGM. An Investor (other than CPFIS Investors and SRS Investors) who wishes to participate in the "live" broadcast of the EGM should instead approach his/her relevant intermediary as soon as possible in order for the relevant intermediary to make the necessary arrangements to pre-register. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) to the Company's Share Registrar, B.A.C.S. Private Limited, via email to main@zicoholdings.com no later than 10.00 a.m. on 11 June 2022.

4. A member (whether individual or corporate) must submit his/her/its proxy form appointing the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such member wishes to exercise his/ her/its voting rights at the EGM. The accompanying proxy form for the EGM will be announced together with this Notice and may be accessed at the Company's website at the URL <http://www.panasian.com.sg/investors-media-menu/announcements> and the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.

Where a member (whether individual or corporate) appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid. CPFIS Investors and SRS Investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Agent Banks to submit their votes by 10 a.m. on 3 June 2022, being at least seven (7) working days before the date of the EGM.

5. The Chairman of the EGM, as proxy, need not be a member of the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

6. The instrument appointing the Chairman of the EGM as proxy must be submitted to the Company in the following manner:
- if submitted electronically, be submitted via email to the Company's Share Registrar, B.A.C.S. Private Limited, at main@zicoholdings.com; or
 - if submitted by post, be lodged at the registered office of the Company's Share Registrar, B.A.C.S. Private Limited., at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896,

in either case, **by 10 a.m. on 11 June 2022** (being 72 hours before the time appointed for holding the EGM).

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Members are strongly encouraged to submit completed proxy forms electronically via email.

7. Members will not be able to ask questions during the "live" audio-and-video webcast or the "live" audio-only stream of the EGM. Members who wish to ask questions relating to the resolution to be tabled at the EGM must complete and submit the Questions Form for the EGM, which will be announced together with this Notice and may be accessed at the Company's website at the URL <http://www.panasian.com.sg/investors-media-menu/announcements> and will also be made available on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.
8. The Questions Form must be submitted to the Company in the following manner:
- if submitted electronically, be submitted via email to the Company's Share Registrar, B.A.C.S. Private Limited, at main@zicoholdings.com; or
 - if submitted by post, be lodged at the registered office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896,

in either case, by 10 a.m. on 31 May 2022 for the purposes of the VIS (the "**VIS Questions Deadline**") or by 10 a.m. on 8 June 2022 for the purposes of the EGM (being 72 hours before the closing time for the lodgement of the proxy forms prior to the EGM).

A member who wishes to submit the Questions Form must first download, complete and sign the question form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Members are strongly encouraged to submit completed Questions Forms electronically via email.

9. A VIS will also be held for Shareholders and Investors prior to the EGM, at 10 a.m. on 6 June 2022 where the Company will endeavour to address all substantial and relevant questions received by the VIS Questions Deadline from Shareholders and Investors in relation to the resolutions to approve the Proposed Transactions as set out in the Notice of EGM. Shareholders and Investors will also be able to ask questions "live" via the online chat box function during the VIS. Further details on the VIS are set out in Section 13.1(b) of the Circular.
10. The Company will endeavour to address all substantial and relevant questions received from Shareholders and/or Investors during the VIS (if received by the VIS Questions Deadline), or prior to or during the EGM (if received after the VIS Questions Deadline but by 10 a.m. on 8 June 2022), having regard to the limited time available at the VIS and the EGM, respectively.
11. The Company will publish the minutes, or provide a link for Shareholders and Investors to access the recording of the VIS on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <http://www.panasian.com.sg/investors-media-menu/announcements> by 7 June 2022. The Company will also, within one (1) month after the date of the EGM, publish the minutes of the EGM on SGXNet and the Company's website, and the minutes will include the responses to the questions referred to above.

PAN ASIAN HOLDINGS LIMITED

(Company Registration Number 197902790N)

(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT:

1. The Extraordinary General Meeting ("EGM") is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Proxy Form will not be sent to members. Instead, it will be sent to members by electronic means via announcement on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements> and may be accessed at the Company's website at the URL <http://www.panasian.com.sg/investors-media-menu/announcements>.
2. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the EGM can be electronically accessed via "live" audio-and-video webcast or "live" audio-only stream), submission of questions to the Chairman of the EGM in advance of the EGM, addressing of substantial and relevant questions either before the EGM (including at a virtual information session) or at the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out in the Notice of EGM, which may be accessed at the Company's website at the URL <http://www.panasian.com.sg/investors-media-menu/announcements> and will also be made available on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.
3. Members will not be able to attend the EGM in person. A member (whether individual or corporate) must submit his/her/its proxy form appointing the Chairman of the EGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such member wishes to exercise his/her/its voting rights at the EGM.
4. CPFIS Investors and SRS Investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Agent Banks to submit their votes by 10 a.m. on 3 June 2022, being at least seven (7) working days before the date of the EGM.
5. By submitting an instrument appointing the Chairman of the EGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 20 May 2022.
6. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman of the EGM as a member's proxy to attend, speak and vote on his/her/its behalf at the EGM.

*I/We _____ (Name)
of _____ (Address)

being a member/members of Pan Asian Holdings Limited (the "**Company**"), hereby appoint the **Chairman of the EGM** as my/our proxy to vote for me/us on my/our behalf at the EGM of the Company, to be held by electronic means on 14 June 2022 at 10 a.m. and at any adjournment thereof.

No.	Resolution	Voting		Abstain from Voting*
		For*	Against*	
	Ordinary Resolution			
1.	The Proposed Diversification of Business			
2.	The Proposed Acquisition			
3.	The Proposed Disposal			
	Special Resolution			
4.	The Proposed Change of Name			

Note: * Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please indicate with a tick (✓) in the "For" or "Against" box. Alternatively, please indicate the number of shares votes "For" or "Against" as appropriate in each resolution. If you wish to "Abstain" from voting on a resolution, please indicate with a tick (✓) in the "Abstain" box. Alternatively, please indicate the number of shares which you wish to abstain from voting. In the absence of directions in respect of a specific resolution, the appointment of Chairman of the Meeting as your proxy for that specific resolution will be treated as invalid.

Signed this _____ day of _____ 2022

Total no. of shares in:	No. of shares
a) CDP Register	
b) Register of Members	

Signature(s) of individual Shareholder /
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

* Delete where applicable.

Notes:

1. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy (the **"Proxy Form"**) will be deemed to relate to all the shares held by the member.
2. **The EGM is being convened, and will be held, by way of electronic means. Accordingly, members will not be able to attend the EGM in person. A member (whether individual or corporate) must submit his/her/its Proxy Form appointing the Chairman of the EGM as his/ her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such member wishes to exercise his/her/its voting rights at the EGM. Where a member (whether individual or corporate) appoints the Chairman of the EGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the EGM as proxy for that resolution will be treated as invalid.** The Proxy Form for the EGM will be announced together with the Notice of EGM and may be accessed at the Company's website at the URL <http://www.panasian.com.sg/investors-media-menu/announcements> and the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.

CPFIS Investors and SRS Investors who wish to appoint the Chairman of the EGM as proxy should approach their respective CPF Agent Banks or SRS Agent Banks to submit their votes by 10 a.m. on 3 June 2022.

3. The Chairman of the EGM, as proxy, need not be a member of the Company.
4. The Proxy Form must be submitted to the Company in the following manner:
 - a. if submitted electronically, be submitted via email to the Company's Share Registrar, B.A.C.S Private Limited, at main@zicoholdings.com; or
 - b. if submitted by post, be lodged at the registered office of the Company's Share Registrar, B.A.C.S Private Limited, 77 Robinson Road, #06-03 Robinson 77, Singapore 068896,

in either case, **by 10 a.m. on 11 June 2022** (being 72 hours before the time appointed for holding the EGM).

A member who wishes to submit a Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

Due to the current COVID-19 situation in Singapore and the related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.

5. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where a Proxy Form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act 1967 of Singapore.
8. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form (or any related attachment) if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

PAN ASIAN HOLDINGS LIMITED

(Company Registration Number 197902790N)
(Incorporated in the Republic of Singapore)

QUESTIONS FORM

Please note that Shareholders and investors holding Shares through relevant intermediaries (as defined in Section 181 of the Companies Act 1967 of Singapore) ("Investors") will not be able to ask questions at the Extraordinary General Meeting ("EGM") of the Company, "live" during the audio-and-video webcast and the audio-only stream, and therefore it is important for Shareholders and Investors who wish to ask questions related to the resolution to be tabled at the EGM to complete and submit this Questions Form in advance of the EGM.

Please read the notes overleaf which contain instructions on, inter alia, the submission of questions ahead of the EGM and the timeframe for submission of questions.

Please complete all fields below. We regret that incomplete or incorrectly completed forms will not be processed.

Full Name (as per CDP / CPF / SRS / Scrip-based / DA records)	
NRIC / Passport No. / Company Registration Number	
Shareholding Type*	CDP Direct Account Holder CPF / SRS Investment Account Holder Physical Scrip Holder Holder through Depository Agent

* Delete where applicable.

QUESTIONS FOR THE BOARD OF DIRECTORS AND MANAGEMENT:

Note: Questions should be related to the resolutions to be tabled at the EGM. Please include additional pages as necessary

RESOLUTION	QUESTION
The Proposed Diversification of Business	
The Proposed Acquisition	
The Proposed Disposal	
The Proposed Change of Name	

Signed this _____ day of _____ 2022

Signature(s) of individual Shareholder /
Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. The EGM is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the EGM can be electronically accessed via “live” audio-and-video webcast or “live” audio-only stream), submission of questions to the Chairman of the EGM in advance of the EGM, addressing of substantial and relevant questions either before the EGM (including at a virtual information session (“VIS”)) or at the EGM and voting by appointing the Chairman of the EGM as proxy at the EGM, are set out in the Notice of EGM, which may be accessed at the Company’s website at the URL <http://www.panasian.com.sg/investors-media-menu/announcements> and will also be made available on the website of the SGX-ST at the URL <https://www.sgx.com/securities/company-announcements>.
3. The VIS will be held for Shareholders and Investors prior to the EGM, at 10 a.m. on 6 June 2022 where the Company will endeavour to address all substantial and relevant questions received by 10 a.m. on 31 May 2022 (the “**VIS Questions Deadline**”) from Shareholders and Investors in relation to the resolutions to approve the Proposed Transactions as set out in the Notice of EGM. Shareholders and Investors will also be able to ask questions “live” via the online chat box function during the VIS. Further details on the VIS are set out in Section 13.1(b) of the Circular.
4. The Company will endeavour to address all substantial and relevant questions received from Shareholders and/or Investors during the VIS (if received by the VIS Questions Deadline), or prior to or during the EGM (if received after the VIS Questions Deadline but by 10 a.m. on 8 June 2022), having regard to the limited time available at the VIS and the EGM, respectively.
5. The Company will publish the minutes, or provide a link for Shareholders and Investors to access the recording of the VIS on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company’s website at the URL <http://www.panasian.com.sg/investors-media-menu/announcements> by 7 June 2022. The Company will also, within one (1) month after the date of the EGM, publish the minutes of the EGM on SGXNet and the Company’s website, and the minutes will include the responses to the questions referred to above.
6. The Questions Form must be submitted to the Company in the following manner:
 - a. **if submitted electronically, be submitted via email to the Company’s Share Registrar, B.A.C.S Private Limited, at main@zicoholdings.com; or**
 - b. **if submitted by post, be lodged at the registered office of the Company’s Share Registrar, B.A.C.S Private Limited, 77 Robinson Road, #06-03 Robinson 77, Singapore 068896,**in either case, by the VIS Questions Deadline for the purposes of the VIS or **by 10 a.m. on 8 June 2022** for the purposes of the EGM (being 72 hours before the closing time for the lodgement of the proxy forms prior to the EGM).
7. A Shareholder or Investor who wishes to submit this Questions Form must first download, complete and sign the Questions Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above. Due to the current COVID-19 situation in Singapore and the related safe distancing measures which may make it difficult to submit completed Questions Forms by post, Shareholders and Investors are strongly encouraged submit completed Questions Forms electronically via email.
8. By completing and submitting this Questions Form, a member of the Company consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the purpose of processing, administration, analysis and facilitation by the Company (or its agents or service providers) of the member’s participation at the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes (including questions and answers) and other documents relating to the EGM (including any adjournment thereof) and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.