



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

**UNAUDITED FULL YEAR FINANCIAL STATEMENT
AND DIVIDEND ANNOUNCEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENT FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP		Increase/ (Decrease) %
	Year ended 31-Dec-20 S\$'000	Year ended 31-Dec-19 S\$'000	
Revenue	22,927	23,372	(1.9)
Cost of sales	(16,002)	(15,445)	3.6
Gross profit	6,925	7,927	(12.6)
Interest income	22	5	NM
Other gains	1,472	284	NM
Marketing and distribution costs	(2,798)	(2,916)	(4.0)
Administrative expenses	(3,882)	(4,191)	(7.4)
Finance costs	(229)	(235)	(2.6)
Other losses	(1,248)	(356)	NM
Share of profit from equity-accounted associate	(9)	115	NM
Share of profit from equity-accounted joint ventures	(105)	22	NM
Profit before tax	148	655	NM
Income tax expenses	(397)	(219)	81.3
(Loss) / profit net of tax	(249)	436	NM
<u>Other comprehensive income / (loss)</u>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- Gain / (loss)	19	(198)	NM
- Reclassification to profit or loss arising from disposal of subsidiary	23	-	NM
Other comprehensive income / (loss) for the year, net of tax	42	(198)	NM
Total comprehensive (loss) / income	(207)	238	NM
(Loss) / profit attributable to owners of the parent, net of tax	(249)	408	NM
Profit attributable to non-controlling interests, net of tax	-	28	NM
(Loss) / profit net of tax	(249)	436	NM
Total comprehensive (loss) / income attributable to owners of the parent	(207)	210	NM
Total comprehensive income attributable to non-controlling interests	-	28	NM
Total comprehensive (loss) / income	(207)	238	NM

NM - Not Meaningful

Notes to Consolidated Statement of Comprehensive Income

	GROUP		Increase/ (Decrease) %
	Year ended 31-Dec-20	Year ended 31-Dec-19	
	S\$'000	S\$'000	
Revenue			
Sale of goods	21,186	21,787	(2.8)
Commission income	34	783	(95.7)
Contract revenue	1,707	802	NM
	22,927	23,372	(1.9)
Interest income	22	5	NM
Depreciation expense			
Cost of sales	(52)	(114)	(54.4)
Marketing and distribution costs	(68)	(53)	28.3
Administrative expenses	(839)	(670)	25.2
	(959)	(837)	14.6
Other gains			
Foreign exchange adjustment gains, net	-	9	NM
Gains on disposal of subsidiary, net	730	-	NM
Gain on disposal of plant and equipment, net	173	30	NM
Government grant	434	28	NM
Inventories write down reversal	-	39	NM
Payables written back, net	78	-	NM
Write back of bad debts written off, net	5	35	NM
Rental income	33	-	NM
Sundry income	19	143	(86.7)
	1,472	284	NM
Finance costs			
Interest expense	(207)	(230)	(10.0)
Interest on lease liabilities	(22)	(5)	NM
Interest expense	(229)	(235)	(2.6)
Other losses			
Amortisation of land use rights	(14)	(57)	(75.4)
Bad debts written off trade receivables	(157)	-	NM
Foreign exchange adjustment losses, net	(144)	-	NM
Loss on disposal of investment in associate	-	(29)	NM
Loss on disposal of investment in subsidiary	-	(44)	NM
Inventories written off	(11)	(216)	(94.9)
Net allowance for impairment on inventories	(271)	-	NM
Net allowance for impairment on trade receivables	(639)	(5)	NM
Sundry expense	(12)	(5)	NM
	(1,248)	(356)	NM

NM - Not Meaningful

1(b) (i) A statement of financial position (for the issuer and Group) together with a comparative statement as at the end of the immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	<u>31-Dec-20</u>	<u>31-Dec-19</u>	<u>31-Dec-20</u>	<u>31-Dec-19</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<u>ASSETS</u>				
<u>Non-current assets</u>				
Property, plant and equipment	10,980	9,315	4,004	2,767
Right-of-use assets	739	96	-	-
Investments in subsidiaries	-	-	3,236	2,916
Investments in associate	190	199	-	-
Investments in joint ventures	58	163	-	-
Land use rights	-	-	-	-
Other assets, non-current	151	26	18	18
Total non-current assets	12,118	9,799	7,258	5,701
<u>Current assets</u>				
Asset held for sale under SFRS(I) 5	395	2,591	653	2,909
Inventories	1,155	1,791	261	92
Trade and other receivables	7,945	6,682	6,092	6,613
Contract assets, current	965	933	-	-
Other assets, current	1,197	899	21	365
Cash and cash equivalents	5,225	5,563	656	1,412
Total current assets	16,882	18,459	7,683	11,391
Total assets	29,000	28,258	14,941	17,092
<u>EQUITY AND LIABILITIES</u>				
<u>Equity attributable to owner of the parent</u>				
Share capital	15,300	15,300	15,300	15,300
Other reserves	(170)	(233)	-	-
Retained earnings / (accumulated losses)	128	763	(2,140)	(1,626)
Equity, attributable to owners of the parent	15,258	15,830	13,160	13,674
<u>Non-current liabilities</u>				
Other financial liabilities, non-current	3,887	3,675	108	-
Lease liabilities, non-current	670	100	-	-
Total non-current liabilities	4,557	3,775	108	-
<u>Current liabilities</u>				
Liabilities associated with				
asset held for sale	326	590	-	-
Income tax payable	257	73	-	-
Other financial liabilities, current	957	541	33	-
Lease liabilities, current	361	120	-	-
Contract liabilities, current	751	362	-	-
Trade and other payables, current	6,533	6,967	1,640	3,418
Total current liabilities	9,185	8,653	1,673	3,418
Total liabilities	13,742	12,428	1,781	3,418
Total equity and liabilities	29,000	28,258	14,941	17,092

1(b)(ii) Aggregate amount of Group's borrowings and debt securities
(A) the amount repayable in one year or less, or on demand;

As at 31-Dec-2020		As at 31-Dec-19	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
957	-	541	-

(B) the amount repayable after one year;

As at 31-Dec-2020		As at 31-Dec-19	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
3,887	-	3,675	-

(C) whether the amounts are secured or unsecured

The Group's bank borrowing and debt securities of S\$4,884,000 as at 31 December 2020 (31 December 2019: S\$4,216,000) were secured / covered by:

- a. A negative pledge over the assets of the Company; and
- b. Corporate guarantees from the Company

(D) details of any collaterals

The obligations under finance lease of S\$284,000 as at 31 December 2020 (31 December 2019: S\$124,000) are secured by a charge over the leased assets and a personal guarantee from a director of the Company.

1(c) A statement of cash flows (for the Group) together with the comparative statement for the corresponding period of the immediately preceding financial year.

	<u>Group</u>	
	Year ended 31-Dec-20 <u>S\$'000</u>	Year ended 31-Dec-19 <u>S\$'000</u>
Cash flows from operating activities		
Profit before tax	148	655
Adjustments for:		
Amortisation of land use rights	14	57
Depreciation of property, plant and equipment	735	754
Depreciation of right-of-use assets	224	83
Interest income	(22)	(5)
Interest expense	229	235
Loss on disposal of associate, net	-	29
(Gain) / loss on disposal of subsidiaries, net	(730)	44
Gain on disposal of plant and equipment, net	(173)	(30)
Share of loss / (profit) from equity-accounted associate	9	(115)
Share of loss / (profit) from equity-accounted joint ventures	105	(22)
Operating cash flow before changes in working capital	539	1,685
Assets held for sales	-	-
Trade and other receivables	(1,435)	3,858
Contract assets	(32)	(933)
Other assets	(1,358)	21
Inventories	636	741
Trade and other payables	(774)	(1,709)
Contract liabilities	389	362
Net cash flows from operations	(2,035)	4,025
Income taxes (paid) / refunded	(200)	28
Net cash flows (used in) / from operating activities	(2,235)	4,053
Cash flows used from investing activities		
Disposal of subsidiaries (net of cash disposed)	2,477	(19)
Increase of investment in joint venture	-	(40)
Interest received	22	5
Proceeds from disposal of plant and equipment	264	213
Purchase of property, plant and equipment	(491)	(398)
Net cash flows from / (used in) investing activities	2,272	(239)
Cash flows from financing activities		
Finance lease repayment	(63)	(96)
Dividends paid on ordinary shares	(386)	-
Decrease in other financial liabilities	-	(78)
Increase in borrowings	5,000	486
Interest paid	(207)	(230)
Repayment of bank borrowings	(4,372)	(87)
Lease liability - principal portion paid	(239)	(1,001)
Net cash flows used in financing activities	(267)	(1,006)
Net (decrease) / increase in cash and cash equivalents	(230)	2,808
Effect of exchange rate changes on cash and cash equivalent	61	(82)
Cash and cash equivalents, statement of cash flows, beginning balance	5,563	2,837
Cash and cash equivalents, statement of cash flows, ending balance	5,394	5,563
Represented by:		
Cash and cash equivalents (Note A)	5,394	5,563
Bank overdraft	-	-
Cash and cash equivalents, statement of cash flows, ending balance	5,394	5,563

Note A: Included in the cash and cash equivalents is S\$169,000 which has been reclassified to assets held for sale.

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share Capital S\$'000	Other Reserves S\$'000	Retained Earnings / (Accumulated losses) S\$'000	Attributable to Parent sub-total S\$'000	Non- Controlling Interests S\$'000	Total Equity S\$'000
GROUP:						
Current period:						
Balance as at 1 January 2020	15,300	(233)	763	15,830	-	15,830
Movements in equity:						
Total comprehensive (loss) / income for the year	-	42	(249)	(207)	-	(207)
Transfer to statutory reserve	-	45	(24)	21	-	21
Dividends paid	-	-	(386)	(386)	-	(386)
Disposal of subsidiary with a change in a control	-	(24)	24	-	-	-
Balance as at 31 December 2020	15,300	(170)	128	15,258	-	15,258
Previous year:						
Balance as at 1 January 2019	15,300	(79)	366	15,587	(6)	15,581
Movements in equity:						
Total comprehensive (loss) / income for the year	-	(198)	408	210	28	238
Transfer to statutory reserve	-	44	(11)	33	-	33
Disposal of subsidiaries with a change in control	-	-	-	-	(22)	(22)
Balance as at 31 December 2019	15,300	(233)	763	15,830	-	15,830
COMPANY:						
Current period:						
Balance as at 1 January 2020	15,300	-	(1,626)	13,674	-	13,674
Movements in equity:						
Total comprehensive loss for the year	-	-	(128)	(128)	-	(128)
Dividends paid	-	-	(386)	(386)	-	(386)
Balance as at 31 December 2020	15,300	-	(2,140)	13,160	-	13,160
Previous year:						
Balance as at 1 January 2019	15,300	-	(2,127)	13,173	-	13,173
Movements in equity:						
Total comprehensive income for the year	-	-	501	501	-	501
Balance as at 31 December 2019	15,300	-	(1,626)	13,674	-	13,674

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There is no change in the Company's share capital from 30 June 2020 to 31 December 2020. The Company's share capital as at 30 June 2020 to 31 December 2020 remained at S\$15,300,000 and comprised 214,202,036 shares.

There were no convertible securities, treasury shares or subsidiary holdings outstanding as 31 December 2019 and 31 December 2020.

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

	31.12.2020	31.12.2019
Total number of issued shares (excluding treasury shares)	214,202,036	214,202,036

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury share as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not hold any subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (this is not required for any audit issue that is a material uncertainty relating to going concern): —

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

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

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

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

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

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

5. If there were any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2020:-

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

The adoption of the above amendments to SFRS(I)s is assessed to have no material effect on the financial statements of the Group.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

(Loss) / Earnings per ordinary share attributable to the shareholders of the Company	Group	
	31-Dec-20	31-Dec-19
(i) Based on weighted average number of ordinary share in issue	(0.12 Singapore cents)	0.19 Singapore cents
(ii) On a fully diluted basis	(0.12 Singapore cents)	0.19 Singapore cents

Basic and diluted earnings per share were the same as there were no potentially dilutive securities in issue as at 31 December 2020 and 31 December 2019.

7. **Net asset value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: -**
(a) current period reported on; and
(b) immediately preceding financial year

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Net Asset value per ordinary share based on issued share capital	7.12 Singapore cents	7.39 Singapore cents	6.14 Singapore cents	6.38 Singapore cents

Net asset value per ordinary share is calculated based on 214,202,036 (31 December 2019: 214,202,036) ordinary shares at the end of the reporting period.

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current period reported on.

Review of operating results between FY2020 and FY2019

Revenue

The Group's revenue decreased by S\$0.4 million for the financial year ended 31 December 2020 ("FY2020") mainly due to lower revenue contribution from entities in Singapore, Holland and China of S\$3.3 million. Singapore entities recorded a decrease in revenue of S\$0.9 million compared to FY2019 due mainly to restrictions and measures put in place by the Singapore Government during the first half of FY2020. China entities recorded a decline in revenue of S\$1.2 million as its operations halted in the first half of FY2020 due to COVID-19 and the relocation of its manufacturing plant to Wuhu. Holland entity's operations ceased in mid of FY2020 which resulted in the sharp decline in revenue recorded for the year.

Increase in contract revenue recognition of S\$0.9 million was contributed from project accounting for a project that commenced in mid-2019. There was relatively lower recognition of contract revenues from projects in FY2019 as compared to FY2020 where revenue recognition for major projects commenced to pick up from mid-2020. Contract revenue is recognized based on the percentage of completion method.

This decrease is partially offset by Hong Kong's entity increase in turnover of S\$2.9 million. Business in the Hong Kong entity recovered in the 2nd half of FY2020 and managed to deliver the demands required by its customers. FY2020 saw an increase in demand for industrial products in Hong Kong.

The Group recorded a decrease in gross profit of S\$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 in the China market due to COVID-19 that caused the gross margin to decline. Other contributing factors to the decline in gross profit margin was due to 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.

(Loss) / Profit after tax

For FY2020, the Group recorded a net loss after tax (“**NLAT**”) of S\$249,000 compared to a net profit after tax (“**PAT**”) of S\$436,000 in FY2019. The NLAT was mainly due to the:

- a) Net loss as elaborated above;
- b) Increase in allowance of S\$0.3 million for impairment on inventories and write off due to slow moving and obsolete inventories identified from the inventory review exercise;
- c) Increase in bad debts and allowance for impairment of S\$0.8 million on trade receivables that are long overdue and the Group anticipates difficulties in the collection of certain debts as certain of the Group’s customers were adversely affected by the COVID pandemic;
- d) Decrease in commission income of S\$0.7 million from weak demand from customer sales;
- e) Recognition of share of loss from equity-accounted associate and joint ventures, as compared to FY2019 which recorded a share of profit;
- f) Increase in tax expenses on higher profits recorded from Singapore and Hong Kong’s entities generating higher profits for the year.
- g) Increase in depreciation expenses by S\$0.1 million is mainly due to amortisation for new Group’s rental agreement with China’s unit’s factory and plant and equipment.
- h) Decrease in sundry income by S\$0.1 million is mainly due to major inventory scrapping exercise conducted in FY2019, while there is none for the year.

The above has been offset by:

- a) Decrease in marketing and distribution cost of S\$0.1 million and administrative expenses of S\$0.3 million relating to tighter cost control measures undertaken by the Group as well as lesser marketing and distributing activities during the “Circuit Breaker” period;
- b) One-off recognition of gain on disposal of subsidiaries of S\$0.7 million and plant and equipment of S\$0.2 million during the year; and
- c) Recognition of such grant income of S\$0.4 million from government grants under the COVID-19 (Temporary Measures) Act 2020 mainly from the Singapore Government as part of the COVID-19 support measures such as the Jobs Support Scheme.

Financial Position

The Group maintained a healthy balance sheet, with total net assets of S\$15.3 million (FY2019: S\$15.8 million).

Assets

Non-current Assets

The total non-current assets of the Group as at 31 December 2020 was S\$12.1 million compared to S\$9.8 million as at 31 December 2019 which was mainly due to increase in property, plant and equipment by S\$1.7 million. This was mainly arising from the newly purchased plant and equipment for China units in FY2020 for manufacturing purposes, as well as the reclassification of a leasehold property from Asset held for sale under SFRS(I) 5, as Management decided to use it as part of its operations.

Increase in Right-of-use assets arose due to the adoption of SFRS(I) 16 in FY2020 and relates to the Group’s rental agreement for China’s unit’s factory and plant and equipment.

Current Assets

The total current assets of the Group as at 31 December 2020 was S\$16.9 million compared to S\$18.5 million as at 31 December 2019 which was mainly due to inventory balances decreased by S\$0.6 million mainly due to write-off of slow moving and obsolete inventories and additional provisions for impairment based on the Group’s provisioning policies. Other contributing factors for the decrease in inventory balances were due to sales of existing inventory balances and management’s enforcement of stringent controls over inventory purchases.

Assets (cont'd)

The increase in trade and other receivables by S\$1.3 million were due to major deliveries from Hong Kong entity made in late December 2020 with a total balance from 3 major customers balances totalling of S\$3.1 million, resulting in a higher balance as at 31 December 2020.

Other assets comprise of prepayments and deposits amounted to S\$1.2 million as at 31 December 2020 as compared to S\$0.9 million as at 31 December 2019. The increase of S\$0.3 million was due to higher deposit to suppliers for upcoming customer shipment, as well as insurance bond costs purchased for the Group's project requirements.

The decrease in assets held for sale by S\$2.2 million is due to a reclassification as mentioned above and completion of disposal of a subsidiary, Pan Asian Manufacturing Tianjin during the year. As the transaction has completed, the assets and liabilities have been reclassified accordingly.

Liabilities

The total non-current liabilities of the Group as at 31 December 2020 was S\$4.6 million compared to \$3.8 million as at 31 December 2019. The increase by S\$0.8 million is due to the loan drawn down from government SME loan.

The decrease in trade and other payables by \$0.4 million was also due to management's increase in efforts to manage cash flows of the Group to avoid any finance cost or late fees for overdue payables. Increase in contract liabilities relates to higher advance consideration received from customers for projects as compared to FY2019, since the projects have picked up since mid-2020.

The increase in other current financial liabilities by \$0.4 million is in line with the increase of loan drawn down from the government's Small and Medium Enterprise loan.

The increase in lease liabilities for non-current and current by S\$0.6 million and S\$0.2 million is due to finance lease for purchases of fixed assets.

The decrease in liabilities associated with assets held for sale by S\$0.3 million is in line with the decrease of assets held for sale above.

Cash Flow

As at 31 December 2020, the Group has cash balances of approximately S\$5.2 million.

The net cash outflow is mainly contributed by operating activities and financing activities. The Group's operating cash flow position has decreased mainly due to loan to a joint venture for their working capital purposes, as well as decrease in collection from customers. Also, the cash outflow from financing activities is mainly due to repayment of bank borrowings, as well as dividends payment during the year offset by proceeds from borrowings due to loan drawn down from government SME loan.

The net cash outflow was partially offset by cash inflow from investing activities of S\$2.3 million. The cash inflow from investing activities was mainly due to cash consideration received from disposal of subsidiaries in FY2020.

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

The financial results are in line with the forecast statement disclosed in the Company's financial results announcement for the half year ended 30 June 2020, dated 14 August 2020.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

The Group's order book as at 31 December 2020 is S\$36 million (31 December 2019: S\$36 million) to be realised over a period of between 6 months to 5 years.

The ongoing COVID-19 pandemic has brought an unprecedented amount of uncertainty on the global economy and caused widespread global disruptions. These uncertainties have impacted the Group's operations, productivity and financial performance for the current financial year ended 31 December 2020. The Group has reviewed its inventories and made additional impairment allowance based on its current net realizable value, the lower valuation is due to the current unfavorable market conditions. The current situation has caused many of the Group's customers to face difficulty in repayment, thus the Group has recognized bad debts on receivables and made additional impairment allowance.

As the governments of the respective countries eased the COVID-19 restrictions and measures in the second half of 2020, suppliers were able to start manufacturing. This allowed the Group to increase its efforts to deliver on its order book and recover from its 1H2020's reported loss before tax to attain a profitable position before tax in FY2020.

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

In Singapore, the Government has implemented various stimulus packages to support the economy and in particular, the Small and Medium Enterprises. The Group has successfully applied for Government loans of approximately S\$5 million to ease its operational cash flows and as at the date of this announcement, the company has drawn down S\$5 million. The Group has also received other forms of Government support in Singapore and Hong Kong such as Jobs Support Scheme where the Group has received payouts from April 2020 to December 2020. The Support Scheme will continue in 2021 at a lower support level. The Group has sufficient cash balances for its current working capital and to meet its debt covenants and to service its debt obligations.

During the financial year ended 31 December 2020, the Group successfully relocated its manufacturing plant from Wuxi to Wuhu in China and is in the process of closing down its subsidiaries in Shanghai and Wuxi to consolidate resources and efforts in Wuhu. The Group has successfully started manufacturing activities in Wuhu, China after relocation. The Group has also ceased operations in its fully owned subsidiary Duvalco B.V. in Holland, in order to conserve resources and focus its effort on profitable segments.

Following the receipt of shareholders' approval for the diversification of its core business to include the Food and Beverage Business, the Group remains cautious on its expansion plans in this new business and will exercise discipline to manage costs to conserve its resources in anticipation of the COVID-19 pandemic prolonging.

The Group continues to place focus on delivering its existing order books and projects on hand and will monitor closely the COVID-19 situation and adapt its operations accordingly. The Group continues to focus on searching for new business opportunities and tender for projects in Asia in order to expand its order book and grow its existing business in the region.

The Group expects the next 12 months to be challenging due to the COVID-19 pandemic prolonging, however, the Group does not foresee any issues on fulfilling its contractual obligations and does not expect any material impact to the Group. The Group and its subsidiaries have complied to all COVID-19 measures put in place by the respective country's Government to curb the spread of the COVID virus.

11. If a decision regarding dividend has been made, the required information has been disclosed.

(a) Current Financial Period Reported On;

No.

(b) Previous corresponding period

Yes.

Name of Dividend: Final Tax exempt (one-tier) Dividend
Dividend type: Cash
Dividend amount per share: S\$0.0018 per ordinary share

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

Not Applicable

(d) The date the dividend is payable

Not Applicable

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

Not Applicable

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

No dividend has been declared or recommended for the period and financial year ended 31 December 2020 as the Group deems it appropriate to retain its cash for business expansion and future growth of the Group.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Save as disclosed below, there were no other interested person transactions entered into during the financial year ended 31 December 2020.

Name of Interested Persons and Details of Transactions	Nature of relationship	Aggregate value of all interested persons transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholder's mandate pursuant to Rule 920)	Aggregate value of all interested persons transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		S\$'000	S\$'000
Payments made by the Group to:-			
(A) Duvalco Valves Wuxi Co. Ltd ("DVW")			
Purchases of raw materials stocks by Wuhu Duvalco & Fittings Co. Ltd from DVW on 4th September 2020	A	276.0	-
Total		276.0	-
(B) Xu Jia Zu Pte Ltd ("XJZ")			
Rental expenses paid by Duvalco Valves & Fittings Pte Ltd to XJZ	B	900.0*	-
Rental expenses paid by MUHR Asia Pte Ltd to XJZ		300.0*	-
Total		1,200.0	-

(A) DVW is a company incorporated in China and wholly-owned by Richard Koh Chye Heng, the Executive Chairman of the Company.

(B) XJZ is a company incorporated in Singapore and wholly-owned by Richard Koh Chye Heng, the Executive Chairman of the Company and Eddie Koh, the Managing Director of Duvalco Valves & Fittings Pte. Ltd.

* The interested person transactions entered into by the Company with XJZ and DVW in relation to the rental agreements and purchase of raw material stocks respectively was announced on 4 September 2020 pursuant to Rule 905(2) of the Catalist Rules.

Save for the above, there was no other interested party transaction that is S\$100,000 and above during the financial year in review. The Company did not obtain any existing general mandate from its shareholders for interested party transactions pursuant to Rule 920 of the Catalist Listing Manual.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUCEMENT

14. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.

<u>Business Segments</u>	<u>General Trading</u>		<u>Engineering Solutions</u>		<u>Valves</u>		<u>Others</u>		<u>Unallocated</u>		<u>Consolidated</u>	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Revenue by segment												
External sales	14,989	10,146	6,059	7,913	1,789	3,459	90	1,854	-	-	22,927	23,372
Result :-												
Segment result	5,238	4,413	1,448	2,808	185	691	54	15	-	-	6,925	7,927
Interest income							-	-	22	5	22	5
Finance costs							-	-	(229)	(235)	(229)	(235)
Amortisation of land use rights							(14)	(57)	-	-	(14)	(57)
Depreciation of property, plant and equipment							-	-	(959)	(754)	(959)	(754)
Depreciation of right-of-use assets							-	-	(224)	(83)	(224)	(83)
Employee benefits expenses							-	-	(4,044)	(4,142)	(4,044)	(4,142)
Unallocated corporate expense							-	-	(1,439)	(2,071)	(1,439)	(2,071)
Other gains / (loss)							-	-	224	(72)	224	(72)
Share of profit from equity-accounted associate							-	-	(9)	115	(9)	115
Share of profit from equity-accounted joint ventures							-	-	(105)	22	(105)	22
Profit before income tax											148	655
Income tax expenses											(397)	(219)
Net profit / (loss) after tax											(249)	436

<u>Business Segments</u>	<u>General Trading</u>		<u>Engineering Solutions</u>		<u>Valves</u>		<u>Others</u>		<u>Unallocated</u>		<u>Consolidated</u>	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Other information												
Trade and other receivables	4,328	2,866	883	973	610	599	2,124	2,244	-	-	7,945	6,682
Contract Assets	131	131	834	802	-	-	-	-	-	-	965	933
Property, plant and equipment									10,980	9,315	10,980	9,315
Right-of-Use Assets									739	96	739	96
Cash and cash equivalents									5,225	5,563	5,225	5,563
Asset held for sale under FRS 105									395	2,591	395	2,591
Other assets									1,348	925	1,348	925
Others									1,403	2,153	1,403	2,153
Total assets											29,000	28,258
Segment liabilities												
Trade and other payables									6,533	6,967	6,533	6,967
Other financial liabilities									4,844	4,340	4,844	4,340
Liabilities associated with assets held for sale under SFRS(I) 5									326	590	326	590
Others									2,039	531	2,039	531
Total liabilities											13,742	12,428
Capital expenditure									1,373	398	1,373	398

Geographical segments

The following table provides an analysis of the Group revenue and non-current assets by geographical market which is analysed based on the country of domicile of the customers: -

	Revenue		Non-current assets	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Singapore	11,979	12,975	11,232	9,508
China	1,683	2,876	756	100
Europe	474	1,628	-	-
Hong Kong	8,791	5,893	113	191
Thailand	-	-	17	-
Subtotal for all foreign countries	10,948	10,397	886	291
Total	22,927	23,372	12,118	9,799

15. In the review of performance, the factors leading to any material change in contributions to turnover and earnings by the business or geographical segments.

In addition to the elaboration in section 8, the Group recorded a significant increase in revenue from its business segment in Hong Kong. The main contributing factor that leads to the increase is that Hong Kong is currently experiencing an upturn in its current business cycle in FY2020. There were more infrastructure projects awarded by the Government in Hong Kong compared to FY2019 and the Hong Kong entity benefited from it as the main contractor return for purchase of supplies. This contributed to the increase in revenue in the General Trading segment.

China market has recorded a decrease in revenue due to Covid-19 and its relocation of the manufacturing plant to Wuhu. This caused a sharp decrease in its manufacturing activities and in return a decrease in its delivery and recognition of revenue. The decrease in non-current assets for China segment is due to the planned closure of the Group's subsidiary in Wuxi and Shanghai where the fixed assets have been disposed prior to relocation to Wuhu. The entity in Europe experienced a downturn in revenue due to the Group's plan to cease its business operations. The decrease in non-current assets in Europe is due to the Group ceasing operations in its subsidiary in Holland.

16. A breakdown of sales

Group	2020 S\$'000	2019 S\$'000	Increase/(Decrease)
Sales reported for first half year	7,698	12,565	-39%
Operating (loss) profit after tax before deducting minority interests reported for first half year	(1,489)	424	>-100%
Sales reported for second half year	15,229	10,807	41%
Operating profit after tax before deducting minority interests reported for second half year	1,240	12	>100%

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

S\$'000	Group	
	2020	2019
Ordinary	385,564	-
Preference	-	-
Total	385,564	-

18. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) in the format as shown. If there is no such person, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director, chief executive officer and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Eddie Koh	54	(1) Son of Richard Koh Chye Heng, Executive Chairman of PAHL.	Managing Director of Duvalco Valves and Fittings Pte Ltd, a wholly-owned subsidiary of the Company, with effect from 25 November 2020. Sales director of Wuhu Duvalco Valves & Fitting Co Ltd, a wholly-owned subsidiary of the Company, with effect from 25 November 2020. Responsible for sales and marketing of valves and fittings and other associated products.	Stepped down as Executive Director and Managing Director Cum Chief Executive Officer of the Company with effect from 25 November 2020.
Kelly Koh Mee Lin	50	(1) Daughter of Richard Koh Chye Heng, Executive Chairman of PAHL.	Managing Director of Pan Asian Flow Technology Pte Ltd, a wholly-owned subsidiary of the Company, with effect from 1 April 2019. Responsible for sales and marketing of piping, valves, tanks and other associated products.	None

Save as disclosed above, there are no other persons who occupy a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or the chief executive officer or substantial shareholder of the Company.

20. Disclosures on Acquisition and Realisation of Shares pursuant to Catalyst Rule 706A

S/N	Entity	Country of incorporation	Percentage of interest held	Held by	Paid up Share capital - Singapore Dollars	Details of Transaction	Date of announcement
1	Pan Asian Technology Sdn Bhd	Malaysia	100%	Wholly owned subsidiary of Pan Asian Flow Technology Pte Ltd	1	Incorporation	NA
2	W.D. Moore (2013) Pty Ltd	Australia	100%	Wholly owned subsidiary of Pan Asian Holdings Limited	394,000	Winding up	22-Jan-20
3	Pan Asian Manufacturing (Tianjin) Co. Ltd	China	100%	Wholly owned subsidiary of Pan Asian Holdings Limited	4,500,000	Disposal	24-Jun-20
4	Wuhu Duvalco Valves and Fittings Co. Ltd.	China	100%	Wholly owned subsidiary of Pan Asian Holdings Limited	650,000	Incorporation	NA
5	Wuhu Muhr Manufacturing Co. Ltd.	China	50%	Wholly owned subsidiary of Muhr Asia Pte Ltd (A 50% Joint-venture Company owned by Pan Asian Flow Technology)	575,000	Incorporation	NA

BY ORDER OF THE BOARD

Richard Koh Chye Heng

Executive Chairman

26 February 2021

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. ("Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited ("Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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