



## PAN ASIAN HOLDINGS LIMITED

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

---

### INTERESTED PERSON TRANSACTIONS – ENTRY INTO RENTAL AGREEMENTS

---

#### 1. Introduction

The Board of Directors (the “**Board**”) of Pan Asian Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that Duvalco Valves & Fittings Pte. Ltd. (the “**Subsidiary**”) a wholly-owned direct subsidiary of the Company and MUHR Asia Pte Ltd (the “**Joint Venture**”), a 50% indirect joint venture company of the Company, has each on 30 June 2020 entered into a rental agreement (individually a “**Rental Agreement**” and collectively the “**Rental Agreements**”) with Xu Jia Zu Holdings Pte. Ltd., the controlling shareholder of the Company (“**XJZ**”). Save as otherwise disclosed, all exchange rate conversion is based on SGD 1 : RMB 5.007 as at the date of this announcement.

#### 2. Details of Subsidiary Rental Agreements

<b>The Premise:</b>	No. 196, Yang Guang Da Dao, Wan Zhi Town Wu Hu County, Wu Hu City An Hui Province of the People’s Republic of China (the “ <b>Property</b> ”)
<b>Total Lease Area:</b>	Total approximate lease area is 16,455 Square meters (“ <b>Sqm</b> ”). The Subsidiary leases a total approximately 9,891 Sqm.  The lease area comprises of 5,891 Sqm for factory space and 4,000 Sqm for office, meeting rooms, dormitory space, car parks for cars, lorries, forklifts and other heavy equipment and external roads.
<b>Rental:</b>	S\$2.53 per Sqm (equivalent to approximately RMB12.64 per Sqm) per month. There are no differences in rental rates for factory and office space.
<b>Lease period:</b>	Total of 3 years lease commences from 1 July 2020 to 30 June 2023.
<b>Value at risk:</b>	The total value at risk of the interested person transaction with the Subsidiary is S\$900,000 (equivalent to approximately RMB 4,506,000)
<b>Market rental rate*:</b>	RMB 11.64 to RMB 15.15 per Sqm. (equivalent to approximately S\$2.32 to S\$3.02)

*\* Based on the valuation report dated 20 March 2020 issued by Jiangsu GongQin Assets Evaluation Limited Corporation, an independent valuer appointed by the Company.*

## Details of Joint Venture Rental Agreement

**The Premise:** No. 196, Yang Guang Da Dao, Wan Zhi Town Wu Hu County, Wu Hu City An Hui Province of the People's Republic of China (the "Property")

**Total Lease Area:** Total Approximate lease area is 16,455 Sqm per month. The Joint Venture leases a total approximately 6,564 Sqm.

The lease area comprises of 3,064 Sqm for the factory space and 3,500 Sqm for office, meeting rooms, dormitory space, car parks for cars, lorries, forklifts and other heavy equipment and external roads.

**Rental:** S\$2.54 per Sqm (equivalent to approximately RMB 12.70 per Sqm). There are no differences in rental rates for factory and office space.

**Lease period:** Total of 3 years commences from 1 July 2020 to 30 June 2023.

**Value at risk:** The total value at risk of the interested person transaction with the Joint Venture based on the proportionate interest of 50% held is – S\$300,000 (equivalent to approximately RMB 1,502,100).

**Market rental rate\*:** RMB 11.64 to RMB 15.15 per Sqm. (Equivalent to Approximately S\$2.32 to S\$3.02)

*\* Based on the valuation report dated 20 March 2020 issued by Jiangsu GongQin Assets Evaluation Limited Corporation, an independent valuer appointed by the Company. Please refer to section 4 for further details.*

### 3. Rationale and Benefit for the Rental Agreements

The Company currently conducts its manufacturing business in China from a factory location in Wuxi, China ("Wuxi Factory") which will be vacated by 31 March 2020 as the Government of China is repurchasing it as part of its national development plans.

The Group understands that in sourcing for a new location to conduct its manufacturing business, XJZ had found the property to be a suitable factory location to conduct manufacturing operations as it was strategically located within close proximity to other raw material suppliers. XJZ acquired the Property mainly due to the mandatory vacation of its Wuxi Factory and in support of the Group's manufacturing activity in China. The Group's rental of the Property would result in cost savings without having to purchase land and property in China and to allocate resources to manage it. Accordingly, the Company does not have to incur initial capital cost and potential borrowing costs to purchase the required premises, freeing up resources for use in its operations.

XJZ has derived the rental rates for the Rental Agreements, to rent out the new location to both the Subsidiary and Joint Venture based on market rates in the vicinity. The rental rates are controlled and fixed for at least the next 3 years. The Subsidiary and Joint Venture will also get to enjoy greater flexibility in its operations in the premises without restrictions on the operating hours and operating activities.

#### 4. Information on the Interested Persons

##### Xu Jia Zu Holdings Pte Ltd

Xu Jia Zu Holdings Pte Ltd, is the controlling shareholder of the Company holding 165,137,500 shares or 77.09% of the Company's shares and is incorporated in Singapore. The Directors and shareholders of XJZ are Richard Koh Chye Heng, the Executive Chairman of the Company, and Koh Eddie, Chief Executive Officer of the Company .

Richard Koh Chye Heng is deemed to have an interest in the shares held by XJZ by virtue of his holding more than 20% of XJZ's total issued shares. Richard Koh Chye Heng is holding onto 1 golden share in XJZ and by virtue of XJZ's Constitution, he is deemed to have the ability to exercise dominant influence over XJZ and accordingly in XJZ's capacity as the controlling shareholder, the Company.

Mr Koh Eddie is deemed to have an interest in the shares held by XJZ by virtue of his holding of more than 20% of its total issued shares.

Ms Indriati Khoe, a non-independent and non-executive director of the Company is deemed to have an interest in the shares held by her spouse, Mr Koh Eddie, in XJZ

As such, XJZ is considered an 'associate' of the controlling shareholder and is an interested person defined under Chapter 9 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Catalist Rules"). Accordingly, all transactions entered into between the Group and XJZ constitutes an "interested person transaction" under Chapter 9 of the Catalist Rules.

#### 5. Application of Rules 905 and 916(1) of the Catalist Rules

The aggregate value of the Rental Agreements represents 7.58% of the latest audited net tangible assets of the group as at 31 December 2019 of S\$15,830,000 (the "Audited NTA"). As the aggregate value of the Rental Agreements have exceeded 3% of the Audited NTA, the Company is therefore required to make an immediate disclosure as required under Catalist Rule 905.

Pursuant to Rule 916(1) of the Catalist Rules, a listed issuer is not required to comply with Rule 906 of the Catalist Rules to obtain shareholders' approval with respect to entering into, or renewal of a lease or tenancy of real property of not more than 3 years if the terms are supported by independent valuation.

The Rental Agreements are effective for a period of 3 years and the terms of the rental agreements are supported by an independent valuation report dated 20 March 2020 from Jiangsu Gong Qin Assets Evaluation Limited Corporation (the "Independent Valuation Report"). The rates of the Rental Agreements are within market rates stipulated in the Independent Valuation Report, which concluded the fair value of the lease price to be between RMB 11.64 and RMB 15.15 per Sqm. (Equivalent to Approximately S\$2.32 to S\$3.02)

#### 6. Audit Committee's Statement

The Audit Committee is of the view that the Rental Agreements had been carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders.

## **7. Interested Person Transactions**

There was no interested party transaction that is S\$100,000 and above entered into by the Group between 1 January 2020 up to date of this announcement. The Company does not have an existing interested person transaction general mandate pursuant to Rule 920 of the Catalist Rules.

## **8. Interest of Directors and Substantial Shareholders**

Save as disclosed above, none of the Directors or substantial Shareholders of the Company has any interest, direct or indirect, in the Rental Agreements, and other than through their respective shareholdings in the Company.

## **9. Documents available for inspection**

Copies of the Rental Agreements and Independent Valuation Report are available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD

Richard Koh Chye Heng  
Executive Chairman  
8 July 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

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

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