

PAN ASIAN HOLDINGS LIMITED

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

UPDATE ON DUVALCO CONTROLS CO. LTD

The Board of Directors (the “**Board**”) of Pan Asian Holdings Limited (the “**Company**” and together with its subsidiaries, collectively, the “**Group**”) wishes to announce that the Group had on 22 March 2019, upon attempting to engage a consultant firm in Thailand to apply to strike off the Company’s 49.0% shareholdings in a joint venture incorporated in Thailand, Duvalco Controls Co. Ltd (also known as Pa Water Solutions (Thailand) Ltd.) (“**DCT**”), been informed that DCT had been transferred to a third party without the Company’s knowledge or consent some time between 25 June 2012 and 10 August 2013 and it is currently known as Phoenix Beverage Co., Ltd.

Background of DCT

DCT was set up in June 2011 as a joint venture with Mr Chokchai Suamchiang and Mr Nithikon Phiama with main business activities being a distributor of the Group’s spectrum of products, namely piping and water tank system as well as related accessories and equipment in Thailand. Mr Chokchai Suamchiang and Mr Nithikon Phiama were Thai businessmen and were business acquaintances of the Group at the relevant time. The paid-up capital of DCT was 2,000,000 THB which consisted of 20,000 shares at 100 THB each, and the Group had contributed 980,000 THB (or approximately S\$43,044) in proportion to its 49% shareholding in DCT. The remaining capital were contributed by Mr Chokchai Suamchiang and Mr Nithikon Phiama in proportion to their 26.5% and 24.5% shareholdings in DCT respectively.

DCT was not able to penetrate Thai market as per planned. As a result, the Group had in 2012 made an impairment provision of 100% of its investment of S\$43,044 at the Group’s level.

The Group had since 2012 disclosed in its Annual Reports that DCT was not audited as it was immaterial, and that the cost of investment had been fully provided, in accordance to FRS36 of accounting standards. .

Involuntary Transfer

The Group had, on 22 March 2019, attempted to engage a consultant firm in Thailand to strike off DCT, but was informed that DCT had been transferred to a third party some time between 25 June 2012 and 10 August 2013, and had its name changed to Phoenix Beverage Co., Ltd.

The Group had since attempted to contact the local partners but had not been successful.

The Group had since taken about 3 to 4 weeks to investigate and double check on the matter, and was not able to locate the transfer records to establish when and how the transfer took place

The Group will be lodging a report to Royal Thai Police.

Actions Taken by the Management

The Group acknowledges that it had failed to monitor the developments on DCT, and was at fault for not uncovering the unauthorised share transfer of DCT in a timely manner.

The Group has conducted a check on all its current subsidiaries, especially the foreign-based subsidiaries and the Board having reviewed such checks, have noted no other exceptions. Moving forward, the Group would conduct an annual review of all its subsidiaries, and the results of such review will be submitted to the AC and Board for review.

The Company will further look into enhancing its internal controls over all matters relating to foreign incorporated subsidiaries.

BY ORDER OF THE BOARD

Richard Koh Chye Heng
Executive Chairman
12 April 2019

*This announcement has been prepared by the Company and reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

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

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