

PAN ASIAN HOLDINGS LIMITED
百益勝控股有限公司

ENHANCING OUR CAPABILITIES

ANNUAL REPORT 2021



TABLE OF CONTENTS

02

OUR MISSION
& OUR VISION

03

CORPORATE
PROFILE

04

CHAIRMAN'S
STATEMENT

06

BOARD OF
DIRECTORS

08

MANAGEMENT
TEAM

10

GROUP
STRUCTURE

12

CORPORATE
INFORMATION

13

FINANCIAL
HIGHLIGHTS

14

OPERATIONS &
FINANCIAL
REVIEW

17

SUSTAINABILITY
REPORT

28

CORPORATE
GOVERNANCE
STATEMENT

54

FINANCIAL
STATEMENT

117

STATISTIC OF
SHAREHOLDINGS

119

NOTICE OF ANNUAL GENERAL
MEETING AND PROXY FORM



MISSION

To be a leading manufacturer cum representative of world class manufacturer so that we can be a preferred partner to the global industry by ensuring customer satisfaction through providing consistent quality product punctually which shall be achieved by the company's continuous, motivating, challenging and rewarding policy to its committed employees.

With the continued success achieved, it will be able to continue to reward its shareholders.



VISION

In 10 years time, PAHL aspires to be an International company with footprints in more than 50 countries and with no less than 25% market share in each segment/ country.

To achieve this success, PAHL will concurrently work to ensure its employees' career cum financial wellbeing is improved.

CORPORATE PROFILE

Founded in 1979, Pan Asian Holdings Limited (“Pan Asian” or the Company”) together with its subsidiaries (the “Group”) is one of the leading supplier of high quality pipe system and equipment for water infrastructure projects in Asia Pacific Region. The Company started as Stockist for water meter, piping and valves for the water, oil and gas sectors.

In 2004, Pan Asian became a public listed company on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

Today, besides manufacturing products under the brands that the group licensed, the Group is also the agent for 15 well-known 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 & Wastewater treatment related equipment and turnkey solution. These products are from US, Japan, UK, Europe and China. In 2018, the Group expanded into different sectors such as: Waste to Energy and power plant.

With its headquarters based in Singapore, it is strategically located in Asia. Pan Asian Holdings is wellpositioned to expand on its operations to address the evolving needs of its target markets, widening its reach and capabilities to serve as a one-stop provider of integrated system and solutions.



This Annual Report 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 Annual Report, including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

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.

CHAIRMAN'S STATEMENT



DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors, it gives me great pleasure to present to you Pan Asian Holdings Limited's ("PAHL or the "Group") annual report for the financial year ended 31 December 2021 ("FY2021").

RICHARD KOH CHYE HENG

Executive Chairman
Pan Asian Holdings Limited

YEAR IN REVIEW

Amidst the ongoing COVID-19 pandemic, the FY2021 was a challenging year of volatile and uncertain economic environment, the Group has recorded a net loss after tax of S\$0.5 million in FY2021, from a net loss after tax of S\$0.2 million in the prior financial year ended 31 December 2020 ("FY2020").

In the first half of FY2021, our Group businesses and operations continue to be adversely affected by the strict measures undertaken by Governments to curb the spread of COVID-19. This caused disruption in delivering existing orders and also obtaining of new sales orders which caused the group to recognise a net loss after tax of S\$1.4 million. We recovered more sales in the second half of FY2021 when COVID-19 measures eased gradually.

As a Group, we managed to deliver our existing orders and secure new business to record revenue of S\$22.2 million in FY2021. This was achieved based on our efforts to continuously deliver quality products to our customers and leveraging on our established track records.

KEY DEVELOPMENTS AND OUTLOOK

The Group has also incorporated 1 new subsidiary under Pan Asian Holdings Limited, PA Flow Technology (HK) Limited in Hong Kong to expand its trading activities in Hong Kong.

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. Separately, the Group continue to perform stringent review of its inventories and made additional impairment allowance based on its current net realisable 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.

Our priority is to deliver our existing order books and projects on hand and to monitor closely the COVID-19 situation and adapt our operations accordingly. We continue to focus on searching for new business opportunities and tendering for projects in Asia in order to expand our order book and grow our existing business in the region. 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.

We continue to mitigate the impact caused by COVID-19 by improving our market competitiveness, strengthening our core products and services to improve our revenue generation while continuing to manage costs prudently, proactively and practically. With recent news on developments in COVID-19 vaccines and vaccination programs implemented worldwide, we are hopeful that the worse of COVID-19 could be over soon. We believe we are in a strong position to overcome the challenges ahead of us and capitalise on opportunities when they arise.

The Company is still in discussions to finalise the details of the possible transactions in relation to Acquisition and Disposal of assets as announced on the 3rd November 2021, and will make further announcements to update shareholders as and when there are material updates on this front.

WORDS OF APPRECIATION

On behalf of the Board, I would like to extend my appreciation to our management and staff who have been most committed in contributing towards the Group's success. I would also like to thank our suppliers, business partners and associates, and valued shareholders for their support and faith in the Group over the years even as we ride through the difficult periods. We are confident that the Group can emerge even stronger as we continue to forge on in our cause to create greater value for all our stakeholders.

BOARD OF DIRECTORS



RICHARD KOH CHYE HENG
Executive Chairman & Chief Executive Officer

Date of appointment: 26 May 2008
Date of last re-appointment: 29 April 2019

Appointed as the Executive Chairman since March 2009, Mr Koh is responsible for the overall management of the Group's operations, as well as the formulating and implementing the Group's business strategies. As the founder and managing director of the Company from 1980 to 1991, Mr Koh was its Chairman from 1991 to 2004. He resigned as a Managing Director in 2004 to pursue other business interests. From 2004 to March 2009, Mr Koh developed and managed a valve manufacturing business in the PRC, Duvalco Valves (Wuxi) Co., Ltd, where he is the director.



VANESSA LIM XIU FANG
Executive Director

Date of appointment: 8 September 2021
Date of last re-appointment: Not applicable

Ms Vanessa has over 8 years of experience in the international trading, online retailing and logistic industry. Ms Vanessa's expertise lies in the operational management of Ariki Group and Beauty Eleganza which encompassed business development, sales acquisition, strategic brand diversification, and brand management. Ms Vanessa holds a Bachelor of Arts Degree from University of the Arts London.



THOMAS LAM KWONG FAI
Lead Independent Director

Date of appointment: 31 October 2017
Date of last re-appointment: 5 June 2020

Mr Lam is a director of various companies engaged in the business of providing corporate finance advisory and compliance advisory in Singapore and the region. He started his career as a regulator before moving into investment banking handling a variety of IPO and other corporate actions. He then moved into Catalyst regulation, working with a wide portfolio of listed companies, advising on the listing rules and corporate governance. In his various capacities, he has amassed almost 20 years of experience in the Singapore corporate finance and regulatory scene.

Mr Lam obtained a Bachelor of Accountancy from Nanyang Technological University in 2002. He is also an Independent Director of Soon Lian Holdings Limited, China Kunda Technology Holdings Limited, and Capital World Limited, all of which are listed on the SGX-ST.



WU YU LIANG
Independent Non-Executive Director

Date of appointment: 20 March 2009
Date of last re-appointment: 26 April 2021

Admitted as an Advocate and Solicitor of the Supreme Court of Singapore in 1986, Mr Wu is currently the Managing Director of Wu LLC, a law corporation in Singapore. He advises on corporate and commercial laws in addition to litigation work. Mr Wu graduated in 1985 from the National University of Singapore with a degree in Bachelor of Laws with Second Class Honours (Upper Division).

He is also an independent director of Jiutian Chemical Group Limited and AusGroup Limited, which are both listed on the SGX-ST.



LAWRENCE CHEN TSE CHAU (Chen Shichao)
Independent Director

Date of appointment: 1 April 2021
Date of last re-appointment: 26 April 2021

Mr Chen is currently serving as directors and audit partner in various companies and partnerships. He has extensive experiences in providing assurance and advisory services to a broad range of clients from traditional trading to digital marketing, crypto currency, Registered Fund Management Company (RFMC), hedge funds and etc. Past and present clients include Singapore Stock Exchange (SGX), New York Stock Exchange (NYSE) and Shanghai Stock Exchange (SSE) listed companies, multinational corporations in Singapore, Malaysia and China. He has also successfully been a team leader and assisted clients as a reporting accountant in Initial Public Offering (IPO) and Reverse Take Over (RTO) on SGX.

He is a Chartered Accountant of Singapore, a fellowship member of Association of Chartered Certified Accountants and a member of the Singapore Institute of Directors (SID).

MANAGEMENT TEAM



TANG YUJIE
Group Financial Controller¹
Pan Asian Holdings Limited

Mr Tang joined the Group in March 2022 and is responsible for all financial matters within the Group including financial reporting, financial planning, treasury, taxation and liaison with financial institutions. He has more than 9 years of auditing and finance experience covering companies listed on the Singapore Exchange and entities across diverse sectors. Prior to joining the Group, Mr Tang was an audit manager for a Top 10 Audit Firm in Singapore and a Senior Audit Manager for a mid-tier Audit Firm. Mr Tang is a member of the Association of Chartered Certified Accountants and a Chartered Accountant of Singapore.

Note:

1. Mr Isaiah Yap Chun Hong was the Group Financial Controller for FY2021 and has resigned on 10 March 2022.



KOH EDDIE
Managing Director
Duvalco Valves & Fittings Pte Ltd
Wuhu Duvalco Valves & Fittings Co Ltd

Director
Pan Asian Water Solutions (HK) Limited
Pan Asian Flow Technology (HK) Limited

Sales Director
Wuhu Duvalco Valves & Fittings Co Ltd

Mr Koh is responsible for the promotion and sales activities of Duvalco core products into new markets. Mr Koh has extensive experience in the Group's operations and products. Mr Koh joined the Group in 1991 as the Regional Sales Manager. Over the period of 30 years, Mr Koh has held various key positions in the Group and has been instrumental in its regional expansion. Mr Koh holds a Bachelor of Engineering from the National University of Singapore.



KELLY KOH
Managing Director
Pan Asian Flow Technology Pte Ltd

Kelly is responsible for the performance and development of the division in the whole of Singapore and Asean countries. She graduated from Seattle University with a degree in International Business and had spent more than 15 years managing the regional sales and marketing department for two large corporations.



TAN WEI HONG
General Manager
Muhr Asia Pte Ltd

Engineering Manager
Pan Asian Flow Technology Pte Ltd

Mr Tan is responsible for the performance and development of the Muhr Asia in the whole of Singapore and East Asia countries.

He concurrently holds another position as Engineering Manager in Pan Asian Flow Technology Pte Ltd. In PAFT, he is responsible for Project Management, Engineering related work, Business Development and regional expansion to the ASEAN Region.

Mr Tan holds a Bachelor in Engineering, Environmental (2nd Upper Honours) from Nanyang Technological University. He has 10 years of experience in the water industry, holding Engineering and Project Management position in a large corporation and Multinational Company.



HARVEY KWAN KOON HO
General Manager
Pan Asian Water Solutions (HK) Limited

Mr Kwan is responsible for the Pan Asian Water Solutions (HK) Limited's overall sales, marketing and business developments, primarily in the marketing and promotions of our products and services to Hong Kong Water Supply Department, Drainage Supply Department, consultants and contractors. Mr Kwan's responsibilities include develop sales, marketing plans, regular updates of product information to customers, ensuring prompt deliveries to customers and monitoring of stock ordering. Mr Kwan holds a Diploma in Mechanical Engineering awarded by Seneca College, Toronto, Canada and has more than 20 years of experience in the industry.

GROUP STRUCTURE

Pan Asian Holdings Limited

100% Duvalco Valves & Fittings Pte. Ltd.

100% Pan Asian Flow Technology Pte. Ltd.

100% Pan Asian Water Solutions (HK) Limited

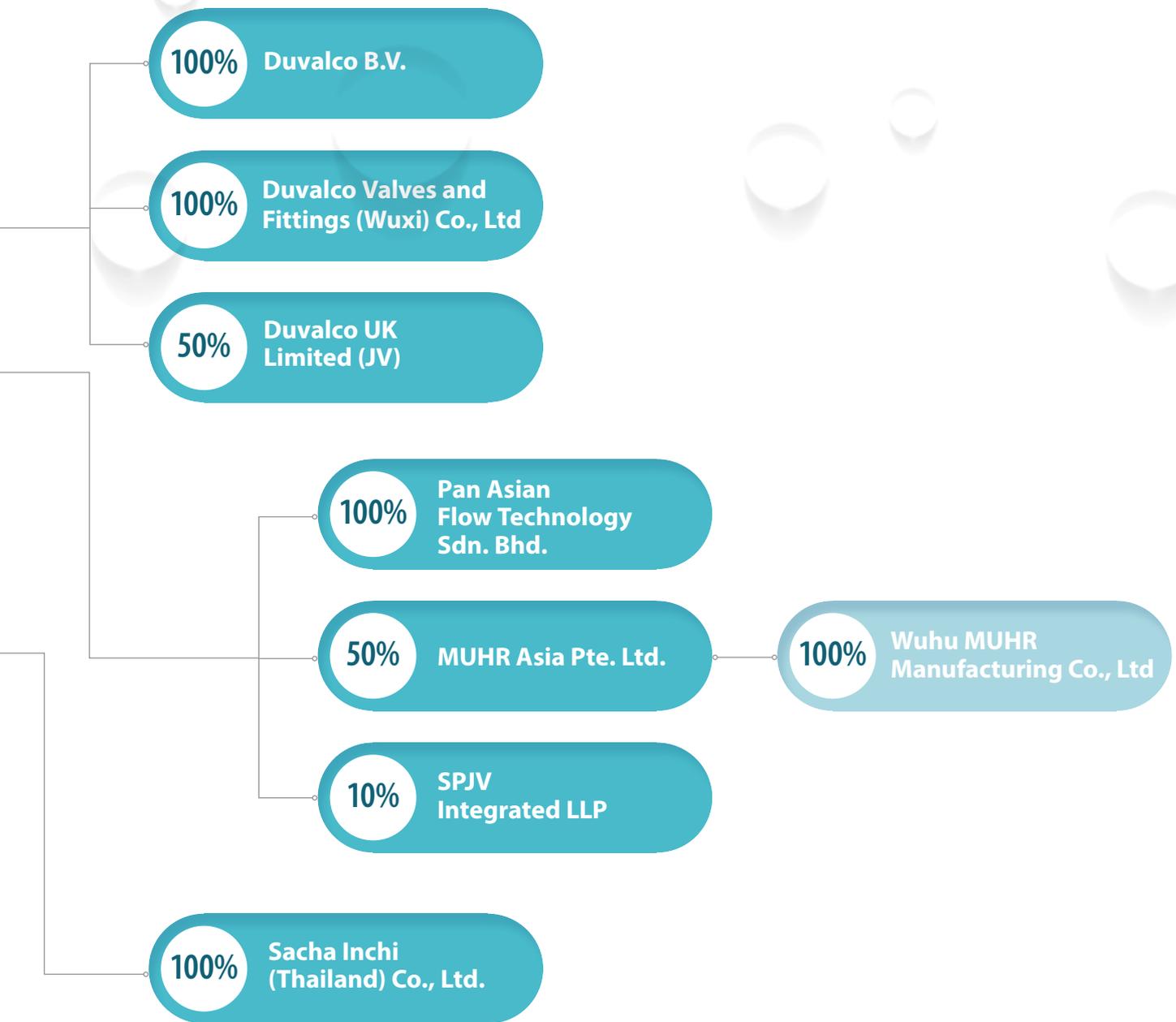
100% Sacha Inchi Pte. Ltd.

100% PA Water Solutions (Shanghai) Limited

100% PT. Pan Asian Water Solutions

100% Wuhu Duvalco Valves & Fittings Co., Ltd

100% PA Flow Technology (HK) Limited



CORPORATE INFORMATION

BOARD OF DIRECTORS

Richard Koh Chye Heng Executive Chairman
Vanessa Lim Xiu Fang Executive Director
Thomas Lam Kwong Fai Lead Independent Director
Wu Yu Liang Independent Director
Lawrence Chen Tse Chau Independent Director

NOMINATING COMMITTEE

Wu Yu Liang Chairman
Thomas Lam Kwong Fai
Lawrence Chen Tse Chau

REMUNERATION COMMITTEE

Wu Yu Liang Chairman
Thomas Lam Kwong Fai
Lawrence Chen Tse Chau

AUDIT COMMITTEE

Thomas Lam Kwong Fai Chairman
Wu Yu Liang
Lawrence Chen Tse Chau

SPONSOR

PrimePartners Corporate Finance Pte. Ltd.
16 Collyer Quay
#10-00 Income at Raffles
Singapore 049318

SHARE REGISTRAR

B.A.C.S Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

AUDITORS

RSM Chio Lim LLP
Public Accountants and Chartered
Accountants
8 Wilkie Road
#03-08 Wilkie Edge
Singapore 228095

AUDIT PARTNER

Yeow Thuan Wee
Effective from financial year ended
31 Dec 2019

COMPANY SECRETARIES

Low Mei Wan
Lin Moi Heyang

PRINCIPAL BANKERS

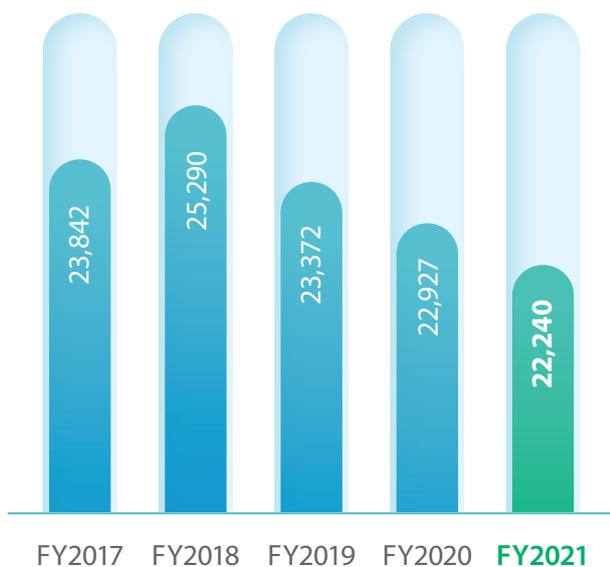
United Overseas Bank Limited
80 Raffles Place
#11-00 UOB Plaza 1
Singapore 048624

REGISTERED OFFICE

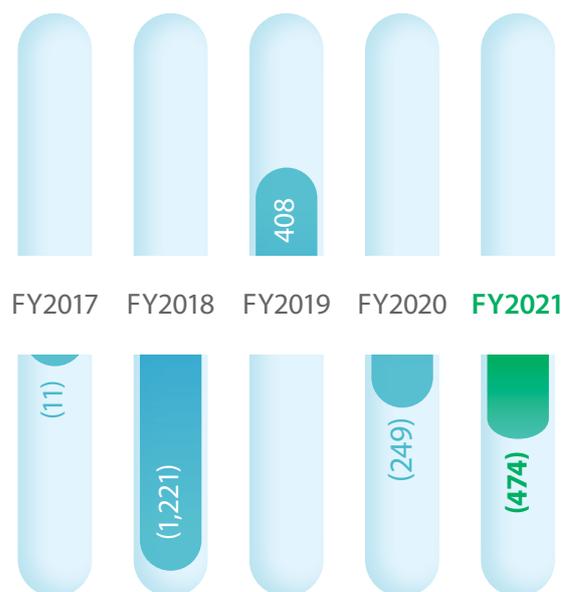
2 Kallang Avenue
#05-19 CT Hub
Singapore 339407

FINANCIAL HIGHLIGHTS

REVENUE (\$'000)



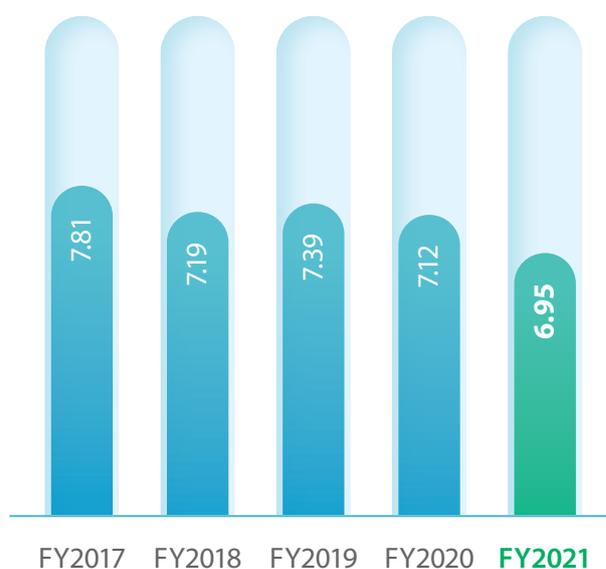
NET PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS (\$'000)



EARNINGS PER SHARE (SINGAPORE CENTS)



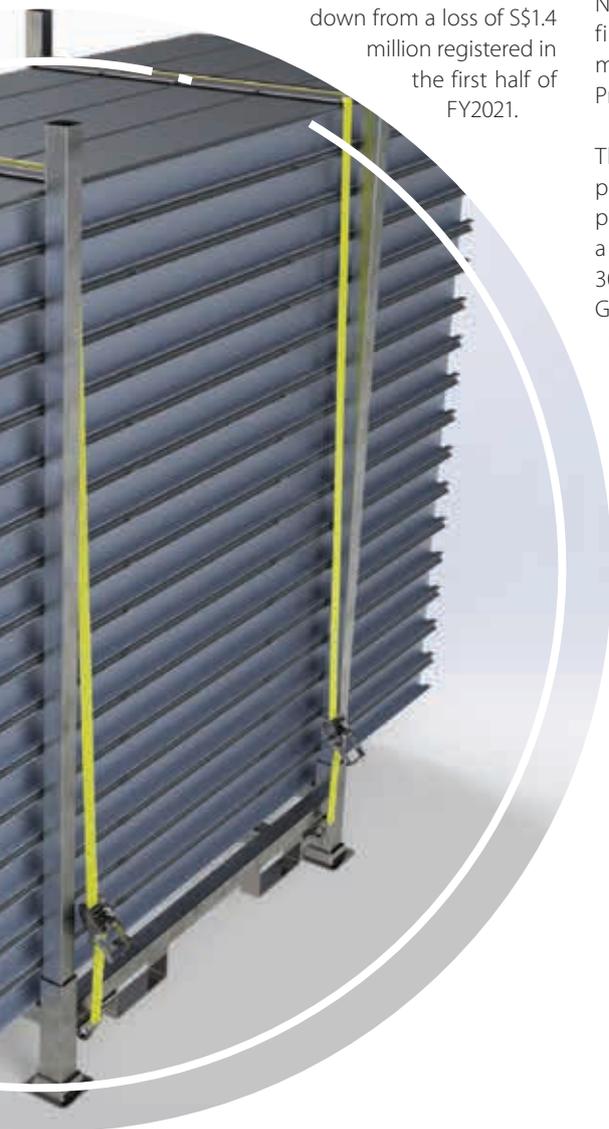
NET ASSET VALUE PER SHARE (SINGAPORE CENTS)



OPERATIONS & FINANCIAL REVIEW

FINANCIAL REVIEW

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. The Group's business activities gradually resumed and sales activities began picking up in second half of FY2021, and the Group recorded loss before tax (PBT) of S\$255,000 towards the end of FY2021, narrowed down from a loss of S\$1.4 million registered in the first half of FY2021.



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.

The Group recorded a decrease in gross profit of S\$0.3 million in FY2021. Gross profit margin for FY2021 is 29.5%, being a slight decrease compared to FY2020 of 30.2%. The Group managed to keep the Gross Profit Margin relatively unchanged in FY2021 due to tighter management control over its cost of sales.

Increase in allowance of S\$0.2 million for impairment on trade receivables was due to 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. Decrease in other losses and gains of S\$1.0 million is mainly due to there being a one-off gains on disposal of the Group's wholly-owned subsidiary Pan Asian Manufacturing (Tianjin) Co., Ltd. as well as plant and equipment in FY2020 and lower COVID-19 Government support grant received in FY2021.

With the uncertain economic situation, management continues to implement tighter cost control measures as well as engage less marketing and distributing activities as a result of travel restrictions imposed by various countries to curb the spread of COVID-19. Hence, our marketing and distribution cost decreased by S\$1.3 million. Administrative expenses increased in FY2021 mainly due to higher expenses incurred for salaries of employees of a new subsidiary that was incorporated in the second half of FY2020.

FINANCIAL POSITION

The Group's total assets increased by S\$0.4 million from S\$29.0 million in FY2020 to S\$29.4 million. The increase of assets was mainly attributable to increase in receivables, contract assets and deposits to secure services, which were in line with higher order book in FY2021.

The total non-current assets in FY2021 was S\$11.1 million compared to S\$12.1 million in FY 2020, a decrease of S\$1.0 million which was due mainly to the depreciation expenses and amortisation expenses on right of use assets incurred for the year. This was offset by the increase of the non-current other assets due to purchase of the new corporate membership for employee benefits.



The decrease in asset held for sale from S\$395,000 to S\$30,000 in FY2021 relates to 2 wholly subsidiaries' that are in process of winding up.

The current assets in FY2021 was S\$18.2 million compared to S\$16.9 million in FY2020. The increase of S\$1.3 million was attributable mainly to an increase of current trade and other receivables of S\$1.4 million mainly due to sales recorded in the last quarter of FY2021 that remained outstanding, an increase of other assets of S\$1.6 million due to deposits placed with suppliers to secure raw materials and goods to be delivered to customers in FY2022, and partially offset by a decrease of cash and cash equivalents of S\$1.6 million due to payments made for normal operating activities within the Group.

The Group's total liabilities increased by S\$0.8 million from S\$13.7 million in FY2020 to S\$14.5 million in FY2021. The increase is largely due to increase in other financial liabilities and trade and other payables.

Non-current liabilities in FY2021 was S\$3.4 million as compared to S\$4.6 million in FY2020. The decrease of S\$1.2 million was due to repayment of other financial liabilities and lease liabilities during FY2021.

The decrease in liabilities associated with asset held for sale from S\$326,000 to S\$18,000 in FY2021 relates to 2 wholly subsidiaries' that are in process of winding up. The decrease is due to the settlement of the aforementioned subsidiaries' receivables and liabilities during FY2021.

The decrease in Income tax payable of S\$235,000 was due to current year tax provision of S\$219,000 and tax paid to authorities in advance amounting to S\$193,000.

Current liabilities in FY2021 was S\$11.1 million compared to S\$9.2 million in FY2020. The net increase of S\$1.9 million was mainly due to an increase in trade and other payables of S\$1.5 million due to goods delivered and received during the last quarter of FY2021 which are not

due for payment, an increase in other financial liabilities of S\$1.5 million arising from utilization of the Bank's Trade facility granted to the Group and partially offset by a decrease in contract liabilities of S\$0.5 million arising from revenue recognised from long-term projects upon completion of deliveries based on a project accounting method.

STATEMENT OF CASH FLOW

The Group has overall recorded a net decrease in cash and cash equivalents of S\$1.6 million from S\$5.3 million as at 31 December 2020 to S\$3.7 million as at December 2021. The net cash outflow is mainly contributed by cash operating activities of S\$1.3 million and financing activities of S\$0.5 million, offset by cash inflow from investing activities of S\$0.2 million.

Operating activities net cash outflow of S\$1.3 million is mainly due to loss for the period after changes in working capital and non-cash adjustments. The Group

recorded cash flows used in contract liabilities, contract assets and trade and other receivables of S\$0.5 million, S\$0.5 million and S\$0.7 million respectively. Cash flows used in other assets of S\$1.7 million was used to placed deposits with suppliers. The increase in net cash used in operating activities is partially offset by cash flows from trade and other payables and inventories of S\$1 million and S\$0.2 million respectively.

Net cash used in investing activities of S\$0.5 million is mainly due to purchase of plant and equipment of S\$0.3 million and increase of investment in a Joint-Venture of S\$0.2 million.



OPERATIONS & FINANCIAL REVIEW

Net cash from financing activities of S\$0.2 million was mainly due to an increase in borrowings of S\$1.5 million offset by repayment of bank loans and a principal portion paid for lease liability of S\$1.0 million and S\$0.2 million respectively.

SEGMENTAL PERFORMANCE

General Trading remained the Group's largest business segment contributing to the Group's total revenue at S\$11.9 million, representing 54% of the Group's revenue in FY2021. It is lower compared to the previous financial year of S\$15.0 million, where it had contributed to 65% of Group's revenue in FY2020. The decrease in the General Trading segment revenue is due to a decrease in Government public projects being rolled out during the COVID-19 period.

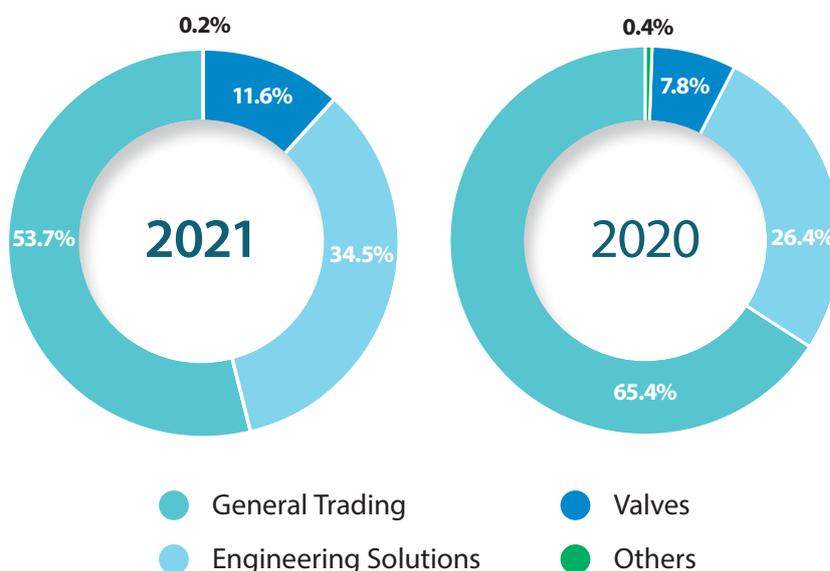
Engineering Solutions segment registered an increase in revenue of S\$1.6 million to S\$7.7 million in FY2021.

Valves Segment registered an increase in revenue of S\$0.8 million to S\$2.6 million in FY2021.

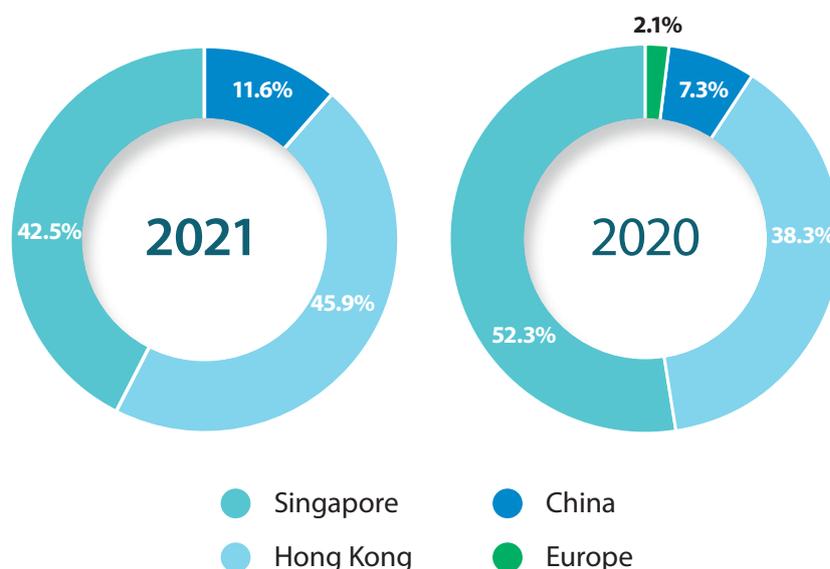
The increase in revenue for both Engineering Solutions Segments and Valves Segment is mainly attributable to the demand for products and services in these two segments increased as one of the Group's subsidiaries' operations commenced in North Asia for a 12-month period for the first time in FY2021 and the Group has made progress in its existing Engineering Project.

Geographically, Hong Kong surpass Singapore in FY2021 and contributed the highest revenue to the Group with total sales of S\$10.2 million, which worked out to be 46% of Group's revenue. The second largest contributor geographically was Singapore that contributed S\$9.5 million to the Group's revenue, equivalent to 43% of the Group's revenue. China contributed the remaining 11% of the Group's revenue.

BUSINESS SEGMENTS



BUSINESS SEGMENTS



SUSTAINABILITY REPORT

STATEMENT FROM THE BOARD

The Board of Directors (the “Board”) and management of Pan Asian Holdings Limited (“PAHL”) and our subsidiaries (collectively the “Group”) recognise that the key to achieving a sustainable business lies with good management of its material environmental, social and governance (“ESG”) factors.

The Group is committed to adopting leading sustainable practices that would in return create sustainable value for its shareholders. Management continues to engage in activities that would bring sustainable and long-term economic benefits to the Group.

The Group, together with the Board is proud to present our fifth Sustainability Report (the “Report”) for the financial year ended 31 December 2021 (“FY2021”). The Board and the management continue our focus on sustainability as an important factor when making business decisions. The management will be responsible in implementing, monitoring and reporting material ESG performance indicators and issues to the Board. The Board has considered sustainability issues as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of the material ESG factors.

Sincerely,
Board of Directors
Pan Asian Holdings Limited

ABOUT THIS REPORT

REPORT METHODOLOGY

We have prepared this Report with reference to the Sustainability Reporting Guide in Practice Note 7F of the Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Manual Section B: Rules of Catalyst (“Catalist Rules”) and the Global Reporting Initiative (“GRI”) Standards Sustainability Reporting Guidelines 2016 – Core Option and its reporting principles.

GRI standards continue to be the sustainability reporting framework of choice as it is internationally recognised and widely adopted, enabling us to provide a broad and comparable disclosure of the ESG performance. The GRI content index can be found on pages 26 to 27 in this Report. We have also made reference to our 2021 Annual Report released on the SGXNET on 2 April 2022 (“Annual Report”).

We have not sought external assurance for the disclosures made in this report and may consider doing so in the future.

REPORT SCOPE

This Report covers the sustainability practices and efforts of our Group’s operations in Singapore for FY2021. The section on “Corporate Profile” sets out details of our Group’s businesses and activities.

REPORT CONTACT AND FEEDBACK

We welcome any feedback as part of continuous improvement to the reporting of our Group’s sustainability efforts and performance. You may reach us at ir@panasian.com.sg.

SUSTAINABILITY REPORT

ABOUT US

OUR SUPPLY CHAIN

At PAHL, our supply chain consists of suppliers from China, Europe, Japan, and Malaysia. We strive to maintain good business relations with our suppliers who are able to meet our quality, environmental, safety and health standards. Our supply chain's operations are guided by International Organization for Standardization ("ISO") standards, with stringent guidelines on the selection and evaluation of suppliers. Evaluation criteria such as quality, cost-effectiveness, track records, reputation and other requirements were formalised in our Group's policies and procedures, communicated to relevant personnel and enforced by the management.

An efficiently structured supply chain network has proven to be an important factor for our continued and sustainable success, allowing us to provide our customers with quality goods and services. Quality checks are in place and performed upon receipt of raw materials. We are ISO 9001:2015 certified for our Quality Management System, which serves as a testimony for the components and checks that we have put in place to make sure that our customers are satisfied with our products and services.

MEMBERSHIP OF ASSOCIATION

PAHL is also proud to be a part of the esteemed Singapore Water Association ("SWA"). SWA is a collaboration of 260 private sector players registered in Singapore or having a strong presence in Singapore. SWA provides a forum for collaboration and the interaction of ideas and knowledge among member companies. The Group actively participates in these networking and information sessions to be updated with developments in the market and sustainable practices.



OUR APPROACH TO SUSTAINABILITY

SUSTAINABILITY APPROACH

Generating sustainable value for our stakeholders is a core philosophy and objective of PAHL. We have designed our corporate strategies using sustainability-centred principles, while making sure that our business decisions are established in line with economic, social and environmental interests of our stakeholders.

Our Board of Directors, senior management, and key stakeholders have actively involved themselves in the establishment, review and monitoring of the Group's sustainability initiatives as well as overseeing the overall direction of the Group's sustainability approach and incorporate sustainability considerations when formulating business strategies. Our senior management assists the Board by implementing and monitoring the performance of our sustainability initiatives as well as preparing periodic reports on material ESG issues to the Board.

Collectively, the Board and senior management regularly engages the Group's key stakeholders to better understand their concerns and expectations in relation to sustainability issues.

CORPORATE GOVERNANCE

The Group believes that governance establishes the tone for the organisation, nurturing accountability, transparency, ethical business conduct and maximisation of long-term shareholder value while increasing the value of the company. The Board and the management are dedicated to upholding the highest standards of corporate governance, professional business conduct, integrity and commitment throughout our organisation.

The Group adheres to the principles and guidelines of the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore (the "MAS"). The management also makes sure that the Group is updated on other regulations, notices, circulars, and guidelines that may be released by the MAS and the SGX-ST from time to time and seek regulatory guidance where necessary.

The Board oversees the governance and risk management functions and is aware of the need to put in place a sound system of risk management and internal controls to safeguard the shareholders' interests and the Group's assets. Internal monitoring and review processes have been established to assess the adequacy and the effectiveness of the Group's internal control systems put in place, including financial, operational, compliance and information technology controls and risk management systems.

The Group has an internal whistleblowing policy in place which provides an anonymous avenue for our employees to raise in confidence their concerns about possible improprieties, fraudulent activities and malpractices within the Group responsibly, regarding financial, operational or compliance aspects to the Audit Committee ("AC"). The Group is in the midst of updating our whistleblowing framework, where all parties, not just the employees, may raise concerns about possible corporate improprieties in all matters. We are proud to announce that the AC has not received any reports of malpractices in FY2021 and will strive to maintain this record through the strict upholding of honourable business practices and integrity-centred business decisions. For more details on our whistleblowing policy, please refer to page 49 in the Annual Report 2021.

SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

The Group's business operations impact multiple stakeholder groups and we value inputs and comments from our stakeholders. For FY2021, we continue to actively engage our stakeholders informally or formally, to understand their perspectives on our sustainable practices.

Through the engagement, the Sustainability Committee (the "SC"), comprising the Mr Tang Yujie, Mr Alfred Tai, Mrs Kelly Koh has identified and reassessed the key ESG factors to be included in this Report. The table below depicts our key stakeholder groups, our means of engagement with them, as well as their key concerns.

Stakeholder Group	Engagement activities	Key concerns
Sponsor	<ul style="list-style-type: none"> • Meetings, discussions and reporting 	<ul style="list-style-type: none"> • Compliance with Catalist Rules
Employees	<ul style="list-style-type: none"> • Employee appraisals • Employee trainings 	<ul style="list-style-type: none"> • Employee welfare and benefits • Personal development
Customers	<ul style="list-style-type: none"> • Enquiry and feedback channels • Meetings and discussions with customers 	<ul style="list-style-type: none"> • Good customer service • Pricing advantage
Suppliers	<ul style="list-style-type: none"> • Enquiry and feedback channels • Meetings and discussions with suppliers 	<ul style="list-style-type: none"> • Prompt payments • Compliance with terms and conditions of transactions
Shareholders	<ul style="list-style-type: none"> • Board meetings, reporting and annual general meetings • Annual and interim reports • Circulars and news releases to shareholders 	<ul style="list-style-type: none"> • Profitability • Transparency • Timely reporting
Government and Regulators	<ul style="list-style-type: none"> • Discussions with government agencies and departments 	<ul style="list-style-type: none"> • Compliance with regulations • Timely reporting and resolution of issues

MATERIAL TOPICS

We closely monitor our ESG performance against established targets. The senior management reviews ESG performance periodically. Any shortfalls are investigated and efforts are made to achieve the targets. A description of our performance is provided throughout this report in relevant chapters.

After gathering feedback from our internal and external stakeholders, the SC had reevaluated the relevance of our previously reported material topics and concluded to continuously focus on the following ESG factors that have been deemed to be material in FY2021:



The Group will review and re-evaluate our material topics disclosed on an annual basis to make sure that the selected topics are relevant to our stakeholders and business landscape.

FY2020 MATERIAL TOPICS, TARGETS SET

Material Topics Highlighted in FY2020	Target sets for FY2021	Progress and Updates
Economic Performance	To remain profitable and to explore new markets or geographic locations to enter into.	The target set for FY2021 was not met in view of the gloomy economic conditions caused by COVID-19 situation.
Occupational Health and Safety	Zero work-related injuries and COVID-19 breaches.	The target set for FY2021 was not met as there was one work-related injury accident in FY2021. However, there were no COVID-19 breaches during the year.
Training and Education	Improving the variety of training courses and increase the average training hours provided per employee.	The target set for FY2021 was met as employees participated in several training and courses and there had been an increase in the average training hours provided per employee.

ECONOMIC PERFORMANCE

The Group is dedicated to delivering long term economic value to our stakeholders, through sound financial stewardship and maintaining a suitable and sustainable business portfolio. With the effect of the COVID-19 situation, the Group recorded a loss of S\$0.5 million in the financial year ended 31 December 2021 ("FY2021") compared to a S\$0.2 million net loss in the financial year ended 31 December 2020 ("FY2020"). Gloomy economic conditions and a challenging business environment under COVID-19 situation have become the main obstacles that brought down the Group's performance in FY2021. However, several of the Group's strategies such as cost cutting measures and focusing on the profit generating units have now become our main focal points to continuously serve the best to our shareholders, to ensure that we are able to stay afloat in this market condition.

Economic value generated and distributed in FY2020 and FY2021 from our operations are set out in the table below.

	FY2021 (\$'000)	FY2020 (\$'000)
Direct Economic Value Generated (Revenue)	22,240	22,927
Economic value distributed (costs, wages, taxes and etc.)	22,714	23,176
Loss net of tax	(474)	(249)

For a detailed breakdown of our economic performance, please refer to our Annual Report.

Target for FY2022

As the COVID-19 pandemic continues, the outlook for FY2022 will remain volatile and unpredictable for the Group. However, we will continue to explore new business opportunities and new markets, while improving efficiency and explore cost-cutting measures to streamline our operations and to improve our revenue and margins.

The target set for FY2022 is for the Group to be profitable and to explore new markets or geographic locations to enter into.

The SC and management targets to move into projects and roles that will have a positive environmental impact such as targeting sustainability related projects.

SUSTAINABILITY REPORT

OCCUPATIONAL HEALTH AND SAFETY

At PAHL, the health and safety of our employees are crucial to our success. The Group is committed in making sure that our Occupational Health and Safety (“OHS”) practices including the proactive tracking and monitoring of incidents are performed consistently.

The Group has in place an OHS Management System which covers our office and warehouse. Our OHS Management System is audited by an external consultant and is ISO 45001:2018 certified. Our operations are also bizSAFE certified at the highest Star level by the Singapore Workplace Safety and Health Council.

The Group also has a routine risk assessment exercise which helps us identify, minimise and where possible, eliminate work-related hazards. During this exercise, our risk assessment team headed by our certified engineer review and implement controls for work-related hazards.

In FY2021, our risk assessment exercise has identified the following processes with potential work-related hazards and in response, we have implemented necessary controls to address these work-related hazards:

- Office activities
- Manual handling of materials
- Material transportation
- Loading and unloading
- Forklift operations
- Storage of materials
- Operation of overhead cranes
- Aspects of human health
- Plausible terror threats

On an annual basis, our OHS Committee, comprising Head of Department for Operations and its department members will meet and discuss safety incidences, control effectiveness for identified hazards and any potential hazards.

New employees joining the Group will have to undergo a mandatory safety briefing. An annual safety briefing will also be conducted for the employees to refresh their knowledge of hazards and controls. Employees are also able to report potential hazards to the risk assessment team comprising certain members of the OHS Committee without fear of reprisal.

In addition to monthly checks on our first aid boxes, fire extinguishers and our warehouse equipment, fire drills and safety discussions were also conducted to embed a safety culture. Safety posters, banners and signage were put up at various workstations and areas to maintain a healthy level of safety awareness.

Our employees are also provided medical and healthcare benefits which include medical and accidental insurance.

Unfortunately, the FY2020 target of zero work-related injury was not met as there was a small work-related injury that occurred in FY2021.



OCCUPATIONAL HEALTH AND SAFETY (CONT'D)

COVID-19 and Employee Well-being

One of the key priorities placed by Pan Asian relates to the health and safety of our employees. Hence, regulations and guidelines issued by relevant authorities are strictly adhered by all our employees at all times. Minimising the incidence of work-related injuries and illness and promoting a safe and healthy work environment leads to positive workplace morale, overall well-being of our employees and ultimately to higher quality products and services. Our SC has a joint management-worker representation from a member of the OHS Committee ensuring a collaborative approach to health and safety issues.

In the view of the ongoing COVID-19 situation, we continue to maintain and implement various measures at our warehouse and office including the following:

- Mandatory download of Singapore's use of Safe Entry system for all employees for contact tracing purposes
- Safe distancing rules are enforced at all times, including workplace and meeting room putting advisory page in each and every seating in compliance with prevailing requirements, as well as minimising face-to face meetings or employee gatherings
- Masks to be worn at all times, in compliance with prevailing requirements
- Regular reminders on observing personal hygiene and clear guidelines in the event that any employee feels unwell, with a dedicated quarantine area set aside

Risk identification, monitoring and management are also within the purview of the SC's responsibility. The SC identifies and ranks safety hazards and addresses them according to their order of importance.

Target for FY2022

The Group will continue to invest in the occupational safety and health of our workers. We will strive to achieve zero work-related injuries in FY2022.

The SC and management targets to report zero COVID-19 breaches and infection by implementing office and warehouse safety measures such as temperature screenings, social distancing and other regulatory requirements to prevent the spread of the COVID-19 virus.



SUSTAINABILITY REPORT

TRAINING AND EDUCATION

Our employees have always been a key pillar in contributing to the Group's growth and success. The Group takes great effort in providing opportunities for upgrading of skills and training so that our employees will be equipped with relevant skills and knowledge in line with the future direction of the Group.

We provide our employees with opportunities to develop workforce skills and competencies, through participation in trainings and seminars. The Group strives to ensure that our existing and experienced employees are able to adapt to new industry requirements and standards and training costs are borne by the Group.

In FY2021, our employees have undergone training and education in the following areas:

- Management
- Finance
- Engineering
- Safety courses

Details of the total training hours and average training hours based on gender and employee categories are set out in the table below:

Total Training Hours		
	Male	Female
Senior Management	50	-
Middle Management	42	42
Technical/ Others	112	80
	204	122
Total Employees		
Senior Management	4	1
Middle Management	3	1
Technical/ Others	11	4
	18	6
Average Training Hours		
Senior Management	12.5	-
Middle Management	14	42
Technical/ Others	10.2	20
	11.3	20.3

In FY2021, the training programme target set for FY2021 was met as employees participated in several training and course and hence received more training hours. The employees made good use of the communication devices or softwares, such as Microsoft Teams, Zoom, etc to connect and participate in various work-related programme to improve working efficiency during COVID-19 period. The training hours for males were relatively the same and there was an increase in average training hours for females. The Group will remain committed to sending our employees for relevant seminars and training courses to improve their knowledge and abilities in FY2021, in order to ensure that they stay competitive within the industry and as professionals.

TRAINING AND EDUCATION (CONT'D)

The Group views performance reviews seriously as periodic reviews on employee performance acts as a periodic check and guide for employees to understand the Group's requirements and directions. This will further help our employees to align their efforts with the Group's strategy and key success factors.

The annual appraisal process also serves as a two-way communication channel between Management and employees to assist them in identifying skills and opportunities for future growth.

For FY2021, all our employees have taken part in our annual appraisal process.

Target for FY2022

Moving forward, the Group plans to improve the variety of training courses provided to our employees, as well as increasing the average training hours provided per employee. In addition, the Company arranged regular sessions with the Heads of Departments to address the training needs of staff to improve their welfares.

The variety of training course will include job specific training courses, in the form of engineering and finance related courses and non-job specific training courses will include leadership training, soft skills training in IT related courses and other knowledge training courses. With the aid of the government grants, the Group believes that employees are able to benefit more by attending a wider variety of training programs qualified under the grants.

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

NOTE: AR = ANNUAL REPORT 2021

GRI Standard	Disclosure		Page Reference / Reason for Omission, if any
General Disclosures			
Organisation Profile	102-1	Name of the organisation	Page 3
	102-2	Activities, brands, products, and services	Page 3
	102-3	Location of headquarters	Page 3
	102-4	Location of operations	Page 3
	102-5	Ownership and legal form	Page 10 - 11
	102-6	Markets served	Page 3
	102-7	Scale of the organisation	Page 10-11
	102-8	Information on employees and other workers	Page 3
	102-9	Supply chain	Page 18
	102-10	Significant changes to the organisation and its supply chain	No significant changes
	102-11	Precautionary principle or approach	Page 19
	102-12	External initiatives	Page 18
	102-13	Membership of associations	Page 18
Strategy	102-14	Statement from senior decision maker	Page 17
Ethics and Integrity	102-16	Values, principles, standards, and norms of behaviour	Page 19
Governance	102-18	Governance structure	AR, Corporate Governance Statement
Stakeholder Engagement	102-40	List of stakeholder groups	Page 20
	102-41	Collective bargaining agreements	
	102-42	Identifying and selecting stakeholders	
	102-43	Approach to stakeholder engagement	
	102-44	Key topics and concerns raised	

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX (CONT'D)

GRI Standard		Disclosure	Page Reference / Reason for Omission, if any
Reporting Practice	102-45	Entities included in the consolidated financial statements	AR, Financial Statement
	102-46	Defining report content and topic boundaries	Page 20
	102-47	List of material topics	Page 20
	102-48	Restatements of information	None
	102-49	Changes in reporting	Not Applicable
	102-50	Reporting period	Page 17
	102-51	Date of most recent report	2 April 2021
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	Page 17
	102-54	Claims of reporting in accordance with the GRI Standards	Page 17
	102-55	GRI content index	Page 26-27
	102-56	External assurance	Page 17
Specific Disclosures			
Management Approach	103-1	Explanation of the material topic and its boundaries	Page 19-20
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
Economic Performance			
Economic Performance	201-1	Direct economic value generated and distributed	Page 21
Occupational Health and Safety			
Occupational Health and Safety	403-1	Occupational Health and Safety Management System	Page 22 and 23
	403-2	Hazard identification, risk assessment and incident investigation	
	403-4	Worker participation, consultation and communication on occupational health and safety	
	403-5	Worker training on occupational health and safety	
	403-8	Workers covered by an occupational health and safety management system	
	403-9	Work-related injuries	
Training and Education			
Training and Education	404-1	Average hours of training per year per employee	Page 24 and 25
	404-2	Programs for upgrading employee skills and transition assistance programs	
	404-3	Percentage of employees receiving regular performance and career development reviews	

CORPORATE GOVERNANCE STATEMENT

The board of directors (the “**Board**” or “**Directors**”) and Management of Pan Asian Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) are committed to maintaining a high standard of corporate governance to facilitate effective management and safeguard the interests of the Company’s shareholders.

This Corporate Governance Report outlines the Company’s corporate governance processes and activities that were in place for the financial year ended 31 December 2021 (“**FY2021**”), with specific reference to the principles and provisions of the Singapore Code of Corporate Governance 2018 (the “**Code**”) and the accompanying practice guidance (the “**Guide**”) issued by the Monetary Authority of Singapore.

The Company is generally in compliance with the principles and guidelines set out in the Code and the Guide. Where there are deviations from the Code and Guide, the Board has considered the alternative practices adopted are sufficient to meet the underlying objectives of the Code and Guide. Appropriate explanations have been provided in the relevant sections where there were deviations.

The Board is pleased to confirm that for FY2021, the Group has adhered to the principles and provisions as outlined in the Code except for the following where the deviations and explanations have been provided:

- (i) Provision 3.1 – Chairman and Chief Executive Officers are Separate Persons
- (ii) Provision 8.1 – Disclosure on Remuneration

BOARD MATTERS

Principle 1: The Board’s Conduct of Affairs

The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Group.

As at date of this report, the Board comprises five Directors, three of whom are Independent Directors. The Board consists of:

Richard Koh Chye Heng	Executive Chairman
Lim Xiu Fang, Vanessa	Executive Director
Lam Kwong Fai	Lead Independent Director
Wu Yu Liang	Independent Director
Lawrence Chen Tse Chau	Independent Director

Key information regarding the Directors is given in the section on “Board of Directors” of this annual report.

The Company is headed by its Board comprising entrepreneurs and professionals from various disciplines. All Directors recognise that they have to discharge their duties and responsibilities in the best interests of the Company. The Board’s principal responsibilities are, inter alia:

- (a) to guide the formulation of the Group’s overall long-term strategic objectives and directions. This includes setting the Group’s policies and strategic plans and monitoring the achievement of these corporate objectives;
- (b) to establish goals for management and monitor the achievement of these goals;
- (c) to ensure management leadership’s high quality, effectiveness and integrity; and
- (d) to review internal controls, risk management, financial performance and reporting compliance.

CORPORATE GOVERNANCE STATEMENT

The Board has put in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisation culture, and ensures proper accountability within the Company.

The Board has delegated certain functions to its board committees, namely Audit Committee (“**AC**”), Nominating Committee (“**NC**”) and Remuneration Committee (“**RC**”), save for the following matters which are reserved for the Board’s decision:

- (a) the corporate strategy;
- (b) the making of any decision to cease, to operate all or any material part of the business of the Group or to extend the Group’s activities into new business;
- (c) the approval of any acquisition or disposal of any investment, asset or business by the Company or any of its subsidiaries;
- (d) the approval of any changes relating to the Company’s capital structure, including share issues and reduction of capital;
- (e) the approval of capital expenditures exceeding \$100,000 for unbudgeted expenditures;
- (f) the approval of capital borrowings and financial commitments;
- (g) the interested person transactions of the Group;
- (h) the approval of the Company’s financial results and audited financial statements;
- (i) the recommendation of the payment of any dividend by the Company;
- (j) the appointment or removal of director from the Board;
- (k) the appointment or removal of the Company Secretary;
- (l) the approval of remuneration packages of key executives of the Company recommended by the RC;
- (m) the convene of shareholders’ meetings; and
- (n) any matter required to be considered or approved by the Board as a matter of law or regulation.

The AC is chaired by Mr. Lam Kwong Fai and the NC and RC are chaired by Mr. Wu Yu Liang, both Independent Directors. Each Board Committee has been constituted to operate under the defined terms of reference. Each Committee has the delegated power to make decision, execute actions or make recommendations within its terms of reference and applicable limits of authority. The terms are reviewed and updated by the Board from time to time. The terms of reference of the respective Board Committees are set out in this statement.

CORPORATE GOVERNANCE STATEMENT

The attendance record of the Directors at the 2021 annual general meeting, Board and Committee meetings for FY2021 is as follows:

Name of Directors	Annual General Meeting	Board	Audit Committee	Nominating Committee	Remuneration Committee
		No. of Meetings held: 4	No. of Meetings held: 3	No. of Meetings held: 2	No. of Meeting held: 1
No. of Meetings Attended					
Richard Koh Chye Heng ¹	1	4	NA	2	NA
Lim Xiu Fang, Vanessa ²	NA	1	NA	NA	NA
Lam Kwong Fai	1	4	3	2	1
Wu Yu Liang	1	4	3	2	1
Lawrence Chen Tse Chau ³	1	2	2	NA	NA

Notes:

1. Mr Richard Koh Chye Heng ceased as a member of NC of the Company on 1 April 2021.
2. Ms Lim Xiu Fang, Vanessa was appointed as Executive Director of the Company on 8 September 2021.
3. Mr Lawrence Chen Tse Chau was appointed as Independent Director of the Company on 1 April 2021.
4. NA – Not applicable.

The Company's Constitution allows a Board meeting to be conducted by way of telephone or video conference. The Board conducts scheduled meetings at least three times a year and additional meetings will be convened as and when they are deemed necessary. At the meetings of the Board, all Directors are free to speak and openly challenge the views presented by Management and other Directors. The Board had also on various occasions used circular resolutions to sanction decisions.

To assist the Board in discharging its duties, the Board is provided with Board papers in advance of Board meetings so that the Directors would have sufficient time to understand the matters which are to be discussed. The dates of meetings of all the Board and Board Committee meetings for each new calendar year, as well as Annual General Meeting, are scheduled well in advance each year and is notified to all Board members. The Directors are entitled to request from the Management and should be provided with additional information as needed to make informed decisions. The Directors have direct access to the Management and Company Secretaries at all times. In addition, the Directors and Board Committee, where necessary, may seek professional advice paid by the Company. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

All Board appointments are made based on merit, in the context of skills, experience, core competencies, independence and other relevant factors, having due regard for the benefits of diversity on the Board and the contribution that the selected candidates will bring to the Board.

All newly appointed directors are provided with background information about the Group's history and core values, its strategic direction and corporate governance practices, as well as industry specific knowledge. The Company provides a formal letter to newly appointed directors upon their appointment setting out their statutory duties and responsibilities as directors. If the newly-appointed Director has no prior experience as a director of a listed company, he must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST") and such training is at the expense of the Company. Such trainings will be completed within one year of his appointment.

During the year, Mr. Lawrence Chen Tse Chau was appointed as Independent Director of the Company on 1 April 2021 and Ms. Lim Xiu Fang, Vanessa was appointed as Executive Director of the Company on 8 September 2021.

CORPORATE GOVERNANCE STATEMENT

Mr. Lawrence Chen has attended the requisite training organised by the Singapore Institute of Directors on the roles and responsibilities of a Director of a listed company to meet the mandatory training requirements under Rule 406(3)(a) of the Listing Manual Section B: Rules of Catalist of SGX-ST (the “**Catalist Rules**”).

Ms Vanessa Lim is in the process of attending the requisite training organised by the Singapore Institute of Directors on the roles and responsibilities of a Director of a listed company and will complete these courses within one year from her date of appointment.

Board members are encouraged to attend seminars and trainings to enhance their knowledge for them to discharge their duties and responsibilities. Such training costs are borne by the Company. The Company works closely with the sponsor, auditors, company secretary and other professionals to provide Directors with information relating to changes in relevant laws, listing rules, regulations and accounting standards.

During the year, the directors have attended the following training programme:

<u>Programme</u>	<u>Organised By</u>
ACRA-SGX-SID Audit Committee Seminar 2021 (Online)	SID
Reviewing Major FRS Changes: 2021 Annual Update	Wolters Kluwer Singapore
TAX2021v:ISCA Budget Update 2021 (Live Webinar)	ISCA
E148v: Ethics Update: Code of Professional Conduct and Ethics for Public Accountants (Live Webinar)	ISCA
ADT155v: Audit of Revenue under the new FRS 115	ISCA
DGT018: Cybersecurity Risk – What it means to Auditors	ISCA
Singapore Governance and Transparency Forum 2021	SID
Certificate of Employment Intermediaries (CEI) – Key Appointment Holders (Non MDW)	SP
Essentials of Information Systems Risk and Controls (ISRM Part 1) (Live Webinar)	ISCA
ISCA: Practitioners’ Conference	ISCA
Information Systems Risk Management (ISRM Part 2) (Live Webinar)	ISCA
Fundamentals of The Personal Data Protection Act (2020) (Synchronous Elearning)	NTUC Learning Hub
Quality Management 2-Day Workshop	ISCA

In addition, the external auditor of the Company has, during the presentation of the audit plan, provided relevant updates relating to changes to accounting standards and issues which have a direct impact on financial statements to the AC and Board.

All Directors are required to objectively discharge their duties and responsibilities in the best interests and benefit of the Company. Directors who are in any way, directly or indirectly, interested in a transaction or proposed transaction, including those identified within the Code and provisions of the Companies Act 1967 (the “**Act**”) will declare the nature of their interests and not participate in any discussion and decision on the matter.

CORPORATE GOVERNANCE STATEMENT

Each Director is aware of the requirements in respect of his/her disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information.

Principle 2: Board Composition and Guidance

The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The Company endeavours to maintain a strong and independent element on the Board. The Board comprises five Directors, of whom three are independent. With more than half of the Board made up of independent Directors, there is a strong and independent element on the Board.

The criteria of independence is based on the definitions given in the Catalist Rules and Code. The Independent Directors have confirmed that they and their immediate family members are not employed or have been employed by the Company or any of its related corporations for the current and any of the past three financial years and whose remuneration is determined by the RC. They have also confirmed that they do not have any relationship with the Company, its related companies, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Group.

For FY2021, the NC has reviewed and was satisfied that the Independent Directors are independent and further, that no individual or small group of individuals dominate the Board's decision-making process. There were no Directors who were deemed independent by the Board notwithstanding the exercise of a relationship as stated in the Code that would otherwise deem him not to be independent. After review, the NC agreed that all independent directors were independent in accordance with the Code and Catalist Rules.

Mr. Wu Yu Liang, who was appointed as independent director of the Company on 20 March 2009, has served on the Board as Independent Director for more than nine years. In accordance with the Code, the Board has to perform a rigorous review of the continuing contribution and independence of Mr. Wu. The NC, after rigorous review, considered that notwithstanding that Mr. Wu has served the Board for more than nine years, his independence as a Director is not affected as he continues to exercise independent judgement and demonstrate objectivity in his conduct and deliberations at the Board and Board Committee meetings. By diligently discharging his duties and exercising sound independent business judgement, he has exhibited a strong spirit of professionalism which did not diminish with time.

The Board concurred with the NC that Mr. Wu continues to be regarded as independent, notwithstanding having served more than 9 years and his independence status. Mr. Wu has abstained from the NC's and Board's determination of his independence.

With effect from 1 January 2022, Rule 406(3)(d)(iii) of Catalist Rules states that a director will not be independent if he has been a director for an aggregate period of more than 9 years (whether before or after listing) and his continued appointment as an independent director has not been sought and approved in separate resolutions by:

- (a) all shareholders; and
- (b) shareholders, excluding the directors and the chief executive officer and associates of such directors and chief executive officer. (the "**Two-tier Voting**")

For the purpose of the resolution referred to in (b), the directors and the chief executive officer of the listing applicant, and their respective associates, must not accept appointment as proxies unless specific instructions as to voting are given.

Such resolutions may remain in force until the earlier of (i) the retirement or resignation of the director or (ii) the conclusion of the third annual general meeting of the company following the passing of the resolutions.

CORPORATE GOVERNANCE STATEMENT

On the last annual general meeting of the Company held on 26 April 2021, Mr. Wu who had served more than 9 years, was subject to the Two-tier Voting and obtained shareholders' approval for his continued appointment as an Independent Director. Accordingly, Mr. Wu will continue to act as Independent Director of the Company until the conclusion of the third annual general meeting which shall be held in year 2024 or upon his retirement or resignation, whichever the earlier.

The Board recognises that Independent Directors may over time develop significant insights into the Group's business and operations as well as can continue to objectively provide significant and valuable contribution to the Board as a whole.

The Board acknowledges that under Provision 2.2 of the Code, the independent directors should make up a majority of the Board where the Chairman is not independent. Provisions 2.2 and 2.3 of the Code are met as majority of the Board is made up by independent directors. The Board composition also complies with Rule 406(3)(c) of the Catalist Rules which requires independent directors to make up at least one-third of the Board.

The NC conducts annual review to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board. This will enable the Board to maintain or enhance balance and diversity of the Board. The Board ensures its composition and Board committees are of an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender. The Board has reviewed and believes that its composition achieves a diversity of skills, knowledge, experience and gender, as further described as follows:

	Number of Directors	Proportion of Board
Core Competencies		
Accounting or Finance	3	60%
Legal or Corporate Governance	3	60%
Relevant Industry Knowledge or Experience	2	40%
Strategic Planning Experience	3	60%
Customer Based Experience or Knowledge	5	100%
Gender		
Male	4	80%
Female	1	20%

The Board hence adopts the aforementioned policy in its process of identifying director nominees. As shown in the table above, the Board members provide a range of core competencies that would provide effective directive for the Group. Accordingly, the current Board comprises persons that collectively have core competencies necessary to lead and oversee the Company.

The Independent Directors provide, amongst others, strategic guidance to the Company based on their professional knowledge, in particular, assisting to constructively develop proposals on strategy. The Independent Directors also help to review the performance of the Management in meeting goals and objectives and monitor the reporting of performance.

To facilitate a more effective check on the Management, the Non-Executive Directors will arrange for meetings without the presence of the Management as and when required. The Non-Executive Directors, led by the lead independent director, have met once in the absence of the Management during the financial year in review.

Principle 3: Chairman and Chief Executive Officer

There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The roles of the Chairman and the Chief Executive Officer ("CEO") are currently held by Mr. Richard Koh Chye Heng which has deviated from Provision 3.1 of the Code. With the departure of the CEO with effect from 30 April 2021, Mr Richard Koh Chye Heng has taken over the duties of the CEO as he is experienced and familiar with the Group's business. The role of the Executive Chairman and CEO is not separate as the Board is of the view that it is in the best interests of the Company to adopt a single leadership structure to ensure that the decision-making process of the Company would not be unnecessarily impeded as well as to ensure that the Company is able to grasp business opportunities efficiently and promptly.

CORPORATE GOVERNANCE STATEMENT

Although the roles of Chairman and CEO are not separate, the AC, NC and RC are chaired by Independent Directors. In addition, the Board believes that there are sufficient safeguards and checks in place to ensure that the process of decision making by the Board is independent and based on collective decisions, without any individual or group of individuals exercising any considerable concentration of power or influence. All major decisions are made in consultation with the Board as a whole.

Guided by the Chairman of the respective committees, Group Financial Controller and the Company Secretary, the Executive Chairman is responsible to:

- (a) lead the Board to ensure its effectiveness on all aspects of its role;
- (b) set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (c) promote a culture of openness and debate at the Board;
- (d) ensure that the directors receive complete, adequate and timely information;
- (e) ensure effective communication with its shareholders;
- (f) encourage constructive relations within the Board and between the Board and Management;
- (g) facilitate effective contribution of non-executive directors in particular; and
- (h) promote high standards of corporate governance and assist in ensuring compliance of the Company's guidelines on corporate governance.

Mr. Lam Kwong Fai has been appointed as the Lead Independent Director of the Company and he is available to shareholders should they have concerns which cannot be resolved through the normal channels of the Chairman or the Group Financial Controller or for which such contact is inappropriate or inadequate. The Lead Independent Director is responsible for leading the meetings of Independent Directors without presence of the other Directors, as and when required. Feedback will be given to the Chairman after such meetings.

Principle 4: Board Membership

The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

All the NC members are Independent Directors. The NC members are:

Wu Yu Liang	Chairman and Independent Director
Lam Kwong Fai	Lead Independent Director
Lawrence Chen Tse Chau	Independent Director

The NC is established for, inter alia, the purposes of ensuring that there is a formal and transparent process for all board appointments. It has adopted written terms of reference defining its membership, administration and duties.

The terms of reference of the NC includes:

- (a) to determine the criteria for the appointment and re-appointment of directors (including alternate directors, if any);
- (b) to set up a process for the selection of such appointment;
- (c) to review nominations for the appointment of Directors to the Board;

CORPORATE GOVERNANCE STATEMENT

- (d) to make recommendations to the Board on all board appointments;
- (e) to review and recommend the Board on the re-nomination of incumbent Directors having regard to the Director's contribution and performance;
- (f) to determine annually whether or not a Director is independent;
- (g) to make recommendation to the Board the performance criteria and appraisal process to be used for the evaluation of the effectiveness of the Board, its Board committees and directors, which criteria and process shall be subject to Board's approval;
- (h) to review the board succession plans for directors, in particular, the appointment and/or replacement of the Chairman, the Chief Executive officer (if any) and key executives; and
- (i) to review of training and professional development programs for the Board and its directors.

All Independent Directors of the Company have other listed company board representations.

As time requirement of each director is subjective, the NC has decided not to fix a maximum limit on the number of listed companies directorships a director can hold. The Board has experienced minimal competing time commitments among its members as Board meetings are planned and scheduled well in advance of the meeting dates. The NC would review the board representations of each Director, from time to time to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately. The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, taking into accounts the multiple directorships and other principal commitments of each of the Directors, and is satisfied that all Directors have adequately discharged their duties adequately for FY2021.

The process for the shortlisting, selection and appointment of new directors is spearheaded by the NC. The NC would first consider the needs of the Board before considering the selection of candidates. In the selection and nomination of new directors, the NC taps on the resources of the Directors' personal contacts for recommendations of potential candidates. External help (for example, Singapore Institute of Directors, search consultants) could be used to source for potential candidates. Interviews are set up with potential candidates so that the NC is able to assess each prospective candidate before a decision is made for recommendation to the Board for final approval.

The Constitution of the Company states that one-third of the Directors have to retire and subject themselves for re-election by the shareholders at each annual general meeting of the Company. In addition, each Director of the Company shall retire from office and subject themselves for re-nomination and re-appointment at least once every three years.

The NC makes recommendations to the Board on the appointment, re-nomination and retirement of Directors. When an existing Director chooses to retire or is required to retire from office by rotation, the NC takes factors such as attendance, preparedness, participation and candour into consideration when evaluating the past performance and contributions of a Director when making its recommendations to the Board.

Mr. Richard Koh Chye Heng, Mr. Lam Kwong Fai and Ms. Lim Xiu Fang, Vanessa are subject to retirement at the forthcoming annual general meeting pursuant to the provisions of the Constitution of the Company and/or Catalyst Rules.

CORPORATE GOVERNANCE STATEMENT

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to the retiring Directors as set out in the Appendix 7F of the Catalist Rules of the SGX-ST is disclosed below:

	RICHARD KOH CHYE HENG	LAM KWONG FAI	Lim Xiu Fang, Vanessa
Date of Appointment	26 May 2008	31 October 2017	8 September 2021
Date of last re-appointment	29 April 2019	5 June 2020	NA
Age	75	43	34
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the contribution, performance, attendance, preparedness, participation and suitability of Mr. Richard Koh for re-election as the Director of the Company and concluded that Mr. Richard Koh possess the experience, expertise knowledge and skills to contribute towards the core competencies of the Board.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualification, working experiences, contribution, performance, attendance, preparedness, participation, candour and suitability of Mr. Lam for re-election as an Independent Director of the Company and concluded that Mr. Lam possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. The Board considers Mr. Lam to be independent for the purpose of Rule 704(7) of the Catalist Rules.	The Board has considered, among others, the recommendation of the NC and has reviewed and considered the contribution, performance, attendance, preparedness, participation and suitability of Ms. Vanessa Lim for re-election as the Director of the Company and concluded that Ms. Vanessa Lim possess the experience, expertise knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive Mr. Richard Koh is responsible for the overall management of the Group's operations, as well as the formulating and implementing the Group's business strategies.	Non-Executive	Executive Ms. Vanessa Lim is responsible to identify, evaluate and propose new businesses for the Board's consideration.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman	Lead Independent Director, Chairman of the AC and a member of RC and NC	Executive Director
Professional qualifications	N.A.	Bachelor of Accountancy, Nanyang Technological University	Bachelor of Arts, University of the Arts London

CORPORATE GOVERNANCE STATEMENT

	RICHARD KOH CHYE HENG	LAM KWONG FAI	Lim Xiu Fang, Vanessa
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	<p>1) Father of Mr. Koh Eddie, Managing Director of Duvalco Valves and Fittings Pte. Ltd., Sales Director and Managing Director of Wuhu Duvalco Valves & Fittings Co., Ltd, Director of Pan Asian Water Solutions (HK) Limited and Pan Asian Flow Technology (HK) Limited (currently dormant), wholly-owned subsidiaries of the Company and Substantial Shareholder of the Company.</p> <p>2) Father of Ms. Kelly Koh, Managing Director of Pan Asian Flow Technology Pte. Ltd., the wholly-owned subsidiary of the Company.</p>	No	Sister of Mr. Lim Wei Zhi Sylvester, Substantial Shareholder of the Company.
Conflict of Interest (including any competing business)	No	No	No
Working experience and occupation(s) during the past 10 years	<p>2009 – Present Pan Asian Holdings Limited Executive Chairman</p>	<p>Oct 2017 – Present Pan Asian Holdings Limited Lead Independent Director</p> <p>Jun 2020 – Present Alder Corporate Services Pte. Ltd. Director</p> <p>Jul 2019 – May 2020 Crowe Horwath Capital Pte. Ltd. Chief Executive Officer</p> <p>Jun 2017 – Jun 2019 3 Peaks Capital Private Limited Chief Executive Officer</p> <p>Jul 2014 – Jun 2017 PrimePartners Corporate Finance Pte. Ltd. Associate Director, Continuing Sponsorship</p> <p>Apr 2012 – Jun 2014 CNP Compliance Pte Ltd Director</p> <p>Jul 2011 – Mar 2012 KW Capital Pte Ltd Registered Professional</p>	<p>Sep 2022 – Present Pan Asian Holdings Limited Executive Director</p> <p>2013 – Present Ariki Pte. Ltd. Manager</p> <p>2013 – Present Beauty Eleganza LLP Founder</p> <p>2017 – Present Ariki Capital Pte. Ltd. Manager</p>

CORPORATE GOVERNANCE STATEMENT

	RICHARD KOH CHYE HENG	LAM KWONG FAI	Lim Xiu Fang, Vanessa
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest: 109,137,500 ordinary shares of the Company 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 the parent company as well as the listed company.	No	Deemed interest: 56,000,000 ordinary shares of the Company held by Lim Wei Zhi Sylvester
Other Principal Commitments* Including Directorships#			
Notes:			
* "Principal Commitments" has the same meaning as defined in the Code			
# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704 (9) or Catalyst Rule 704 (8).			
Past (for the last 5 years)	Past: None.	Past: Crowe Horwath Capital Pte. Ltd.	Past: None.
Present	Present: Xu Jia Zu Holdings Pte. Ltd. Duvalco International Pte. Ltd.	Present: Medtecs International Corporation Limited OEL (Holdings) Ltd Present: D'Nonce Technology Berhad Alder Corporate Services Pte. Ltd. Capital World Limited China Kunda Technology Holdings Limited Soon Lian Holdings Limited	Present: Ariki Pte. Ltd. Ariki Capital Pte. Ltd. Beauty Eleganza LLP

CORPORATE GOVERNANCE STATEMENT

	RICHARD KOH CHYE HENG	LAM KWONG FAI	Lim Xiu Fang, Vanessa
<p>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</p>			
<p>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</p>	No	No	No
<p>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</p>	No	No	No
<p>(c) Whether there is any unsatisfied judgment against him?</p>	No	No	No
<p>(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</p>	No	No	No

CORPORATE GOVERNANCE STATEMENT

	RICHARD KOH CHYE HENG	LAM KWONG FAI	Lim Xiu Fang, Vanessa
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

CORPORATE GOVERNANCE STATEMENT

	RICHARD KOH CHYE HENG	LAM KWONG FAI	Lim Xiu Fang, Vanessa
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:	No	No	No
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

CORPORATE GOVERNANCE STATEMENT

	RICHARD KOH CHYE HENG	LAM KWONG FAI	Lim Xiu Fang, Vanessa
<p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	No	No
<p>(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No	No	No
Disclosure applicable to the appointment of Director only			
<p>Any prior experience as a director of a listed company?</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	<p>N.A.</p> <p>Mr. Richard Koh is proposed to be re-elected as a Director of the Company.</p>	<p>N.A.</p> <p>Mr. Lam is proposed to be re-elected as a Director of the Company.</p>	<p>N.A.</p> <p>Ms. Vanessa Lim is proposed to be re-elected as a Director of the Company.</p>

CORPORATE GOVERNANCE STATEMENT

The NC has assessed independently on the continued appointments of Mr. Richard Koh Chye Heng, Mr. Lam Kwong Fai and Ms. Lim Xiu Fang, Vanessa and recommended their continued appointments to the Board, and the Board has endorsed their re-election by shareholders at the forthcoming annual general meeting. The abovementioned directors have offered themselves for re-election as Directors of the Company.

Mr. Richard Koh will, upon re-election as Director of the Company, remain as Executive Chairman of the Company.

Mr. Lam will, upon re-election as Director of the Company, remain as Chairman of the AC and a member of the NC and RC. Mr. Lam does not have any relationship including immediate family relationship with other Directors, the Company or its substantial shareholders (as defined in the Code).

Ms. Vanessa Lim will, upon re-election as Director of the Company, remain as Executive Director of the Company.

The key information of the Directors as at the date of this report is set out below:

Name of Directors	Date of Initial Appointment as Director/Date of Last Re-election/ Re-appointment as Director	Directorship in Other Listed Companies		Principal Commitments
		Current	Past 3 Years	
Richard Koh Chye Heng (Executive Chairman)	26 May 2008/ 29 April 2019	–	–	Executive Chairman of the Company
Lim Xiu Fang, Vanessa (Executive Director)	8 September 2021/ –	–	–	Executive Director of the Company
Lam Kwong Fai (Lead Independent Director)	31 October 2017/ 5 June 2020	Capital World Limited China Kunda Technology Holdings Limited D'Nonce Technology Berhad Soon Lian Holdings Limited	Medtecs International Corporation Limited OEL (Holdings) Ltd	Alder Corporate Services Pte. Ltd.
Wu Yu Liang (Independent Director)	20 March 2009/ 26 April 2021	Jiutian Chemical Group Limited AusGroup Limited	–	Wu LLC Offshore Nexus Management & Secretarial Services Pte Ltd Startup Consultants Ltd. Sunrise Attribution Sdn. Bhd.
Lawrence Chen Tse Chau (Independent Director)	1 April 2021/ 26 April 2021	China Star Food Group Limited	–	Athel Assurance Public Accounting Corporation Acumen Associates LLP Acumen Assurance Prime Accountants LLP

CORPORATE GOVERNANCE STATEMENT

None of the Directors of the Company have any relationships including immediate family relationships between himself/herself and the Directors, the Company and its substantial shareholders, could interfere or to be reasonably perceived to interfere with the exercise of independent judgments.

The NC has ensured that Mr. Lawrence Chen Tse Chau and Ms. Lim Xiu Fang, Vanessa, who were appointed on 1 April 2021 and 8 September 2021 respectively, are aware of their duties and obligations.

After conducting the annual review, the NC is satisfied that the current Directors have been able to devote adequate time and attention to the affairs of the Company and that they are able to satisfy their duties as Directors of the Company. In addition, as at the date of this Annual Report, the Company does not have any alternate directors. Notwithstanding this, the NC would continue to review from time to time the board representations and other principal commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately. Further information about each Director's listed company board directorships and principal commitments can be found in the profile of the Board of Directors section of this Annual Report.

Principle 5: Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its Board committees and individual directors.

The NC has established an appraisal process to assess the performance and effectiveness of the Board (including Board Committees) on a yearly basis with inputs from the other Board members and the Chairman.

The NC also decides on how the Board's performance is to be evaluated and proposes objective performance criteria, subject to the approval of the Board, which addresses how the Board has enhanced long-term shareholders value. It focuses on a set of criteria which include Board's conduct of meetings, maintenance of independence, board accountability, communication with Management, etc.

The performance criteria are not changed from year to year except when deemed necessary and justifiable. For FY2021, the NC did not propose any changes to the performance criteria for FY2021 as compared to the previous financial year as the economic climate, the Group's principal business activities largely remained the same. Where the performance criteria are deemed necessary to be changed, the onus should be on the NC and the Board to justify this decision.

During the year, the NC has assessed the effectiveness of the Board and Board Committee. As part of the process, all Directors complete appraisal forms which are collated by the Company Secretary. Individual directors' declaration forms are completed annually by the Company's respective Directors to disclose their direct or deemed interest. The NC assesses the effectiveness of the individual director via the assessment of the individual directors' contribution to the Board and Board committees, time and resources allocated to the Company by each director, and the declaration forms submitted. The Chairman acts on the results of the performance evaluation and, where appropriate and in consultation with the NC, proposes its recommendations to the Board. No significant issues were identified from the evaluation of the Board and Board committee's performance for the financial year under review.

The NC has reviewed and is satisfied that each member of the Board had been effective during the year having regard to the preparedness, active participation and contribution of each Board member during each Board and Committee meeting. The Board has met its performance objectives.

All NC members have abstained from the voting or review process of any matters in connection with the assessment of his performance.

No external facilitator has been engaged for the purposes to assess the Board's performance for FY2021.

CORPORATE GOVERNANCE STATEMENT

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of Individual Directors and key Management personnel. No Director is involved in deciding his/her own remuneration.

Principle 7: Level of Mix of Remuneration

The level and structure of remuneration of the Board and key Management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the Company.

The RC comprises the following members:

Wu Yu Liang	Chairman and Independent Director
Lam Kwong Fai	Lead Independent Director
Lawrence Chen Tse Chau	Independent Director

All RC members are non-Executive and Independent Directors. The RC has experience in the field of executive compensation. The RC has access to internal and external experts and/or professional advice on human resource and remuneration of all Directors, amongst other matters, whenever there is a need for such consultation.

The RC is established for, inter alia, the purposes of ensuring that there are formal and transparent procedures for fixing the remuneration package of individual Director. It reviews the remuneration packages of executive directors and key executives to ensure it is structured so as to link rewards to corporate and individual performance. The overriding principle is that no Director should be involved in deciding his/her own remuneration.

The RC has adopted written terms of reference that defines its membership, roles and functions and administration. The terms of reference of the RC includes:

- (a) to advise the Board on the framework of remuneration policies for the Directors and key executives;
- (b) to review and recommend to the Board in consultation with senior Management a framework of remuneration for the Board and key management personnel;
- (c) to review and recommend to the Board the specific remuneration packages for each director and key executives; and
- (d) to recommend to the Board in consultation with the Managing Director cum Chief Executive Officer, the key executives' and other employees' incentive schemes.

The annual review covers all aspects of remuneration including salaries, fees, allowances, bonuses, options and benefits-in-kind, taking into consideration the long-term interests of the Group. The RC also reviews termination terms, to ensure that they are fair. In setting remuneration packages, the RC will take into account the performance of the Group as well as the Executive Director and key executives aligning their interests with those of shareholders and linking rewards to corporate and individual performance as well as industry benchmarks. The RC's recommendations are made in consultation with the Executive Chairman of the Board and submitted for endorsement by the entire Board. The RC subsequently approves the proposed remunerations which are also tabled and approved at Board level. The Executive Chairman abstained from the deliberation and decision making of his own remuneration. No Director shall participate in decisions on his/her own remuneration. The payment of Directors' fees is subject to the approval of shareholders.

CORPORATE GOVERNANCE STATEMENT

Remuneration matters of the Directors are the responsibility of the RC who will review and make necessary recommendations to the Board for approval. In respect of remuneration matters relating to senior Management group, the Executive Chairman will make recommendations for the RC's consideration and review. The RC's role also includes the review of Executive Director and key executives' termination clause in contracts, to ensure that the terms of which are fair and reasonable.

There was no remuneration consultant engaged for the financial year in review.

The remuneration of the Independent Directors is in the form of a fixed fee which is fixed after taking into consideration factors such as effort, time spent and responsibilities of the Directors. The fees are subject to shareholders' approval at the annual general meeting.

Annual reviews are carried out by the RC to ensure that key executives are appropriately rewarded, having due regard to the financial and commercial health and business needs of the Group.

The Company does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and key executives in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and key executives, "claw-back" provisions in the service agreements may not be relevant or appropriate.

Principle 8: Disclosure on Remuneration

Every Company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedures for setting remuneration, in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and Key Management personnel, and performance.

The Group adopts a remuneration policy for staff comprising both fixed and variable components. The fixed component is in the form of a base salary and the variable component is in the form of a variable bonus that is linked to the Company's and individual's performance. Certain employees are also entitled to other benefits. The Management moderates and allocates the variable bonus based on the individual performance of employees and their contributions towards the achievement of the Company's performance.

The remuneration package of Executive Director and key executive officers consists of:

- (1) Fixed salary/Director's Fee – Fixed salary is determined based on the complexity of the required responsibilities and tasks, along with data on market and sector comparatives.
- (2) Bonus and Incentives – Variable salaries which comprise sales incentives (as applicable) and variable bonus.
- (3) Other Benefits – Other benefits comprise of transport allowances, country club memberships, and benefits-in-kind.

The Non-Executive Directors are entitled to Director's fees. The level of fees is reviewed for reasonableness, taking into account the size of the Company as well as the additional duties and responsibilities, effort and time spent of the Non-Executive Directors.

CORPORATE GOVERNANCE STATEMENT

The breakdown of remuneration of the Directors and key executives of the Group (in percentage terms) for FY2021 is set out below:

Name	Fixed Salary	Fees	Bonus and Incentives
Remuneration Band from S\$250,001 to S\$500,000			
Executive Directors			
Richard Koh Chye Heng	92%	–	8%
Vanessa Lim Xiu Fang	–	–	–
Key Executive			
Harvey Kwan Koon Ho	36%	–	64%
Remuneration Band between S\$300,001 to \$400,000			
Key Executives who are each family member of an Executive Director			
Koh Eddie ¹	92%	–	8%
Kelly Koh ²	62%	–	38%

Name	Fixed Salary	Fees	Bonus and Incentives
Remuneration Band up to \$250,000			
Independent Directors			
Lam Kwong Fai	–	100%	–
Wu Yu Liang	–	100%	–
Lawrence Chen Tse Chau	–	100%	–
Key Executives			
Isaiah Yap Chun Hong ³	92%	–	8%
Tang Yujie ⁴	N/A	N/A	N/A
Tan Wei Hong	80%	–	20%

Notes:

1. Mr. Koh Eddie is the son of Mr. Richard Koh Chye Heng and sibling of Ms. Kelly Koh Mee Lin.
2. Ms. Kelly Koh Mee Lin is the daughter of Mr. Richard Koh Chye Heng and sibling of Mr. Koh Eddie.
3. Mr. Isaiah Yap Chun Hong has resigned as the Group Financial Controller on 10 March 2022.
4. Mr. Tang Yujie was appointed as the Group Financial Controller on 11 March 2022.
5. Ms. Lim Xiu Fang, Vanessa does not receive any remuneration during FY2021.

The Group only has six key executives during FY2021.

The performance conditions used to determine the entitlement of the Executive Directors and top six key executives comprise of qualitative and quantitative conditions. Examples of quantitative conditions are target revenue, target profit, sales growth and years of service. Examples of qualitative conditions are on the job performance, leadership, teamwork, etc. The performance conditions are set by the RC. The RC has reviewed and is satisfied that the performance conditions of the Directors and key executives were met for FY2021.

For FY2021, there was no termination, retirement or post-employment benefits granted to the Directors and relevant key executives.

Given the highly competitive industry conditions, the Company believes that it is not in the best interests of the Company to fully disclose details of the remuneration of each individual Director as well as the aggregate remuneration paid to the key executives of the Group.

CORPORATE GOVERNANCE STATEMENT

Save for Mr. Koh Eddie and Ms. Kelly Koh Mee Lin as disclosed above, there is no other employee related to a Director or the Chief Executive Officer or a substantial shareholder of the Company whose remuneration exceeds \$100,000 in the Company's employment for FY2021.

The Company does not have an employee share option scheme for the financial year in review.

Principle 9: Risk Management and Internal Controls

The Board is responsible for the governance of risk and ensures that management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its Shareholders.

The Board is responsible for the overall risk governance, risk management and internal control framework of the Group and is fully aware of the need to put in place a system of internal controls within the Group to safeguard shareholders' interests and the Group's assets and to manage risks. With the assistance of the AC, the Board reviews the risk management processes and framework, overseeing the formulation, update and maintenance of an adequate and effective risk management and internal control systems annually. In view of the size of the current Board is relatively small, the Board agreed that AC will assist the Board to identify significant risks of the Group and a separate risk committee is not required.

The Board acknowledges that no system of internal controls can provide absolute assurance against the occurrence of human and system errors, poor judgment in decision-making, losses, fraud or other irregularities.

Based on the internal controls established by the Group, its assessment of work performed by the external auditor and internal auditor, as well as the Assurances (as defined herein), the Board, with the concurrence of the AC, is of the view that the Group's internal controls in addressing the financial, operational, compliance and information technology risks and the risk management systems were effective and adequate for FY2021.

The system provides reasonable assurance against material financial misstatements or loss and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices and the identification and management of business risks.

The Board has received assurance from the Executive Chairman and Group Financial Controller that the financial records for FY2021 have been properly maintained and the financial statements for the financial year under review give a true and fair view of the Company's operations and finances and the Company's risk management and internal control systems were adequate and effective as at 31 December 2021. The Company has also received assurance from the internal auditors that the Company's risk management and internal control systems are effective (the "**Assurances**").

Principle 10: Audit Committee

The Board has an Audit Committee which discharges its duties objectively.

The AC comprises three members, all of whom are Non-Executive and independent. None of the AC members were previous partners or directors of the Company's external audit firm within the last two years and none of the AC members hold any financial interest in the external audit firm.

The members of the AC are:

Lam Kwong Fai	Chairman and Lead Independent Director
Wu Yu Liang	Independent Director
Lawrence Chen Tse Chau	Independent Director

CORPORATE GOVERNANCE STATEMENT

The role of the AC is to, inter alia, assist the Board in discharging its responsibilities to safeguard the Company's assets, maintain adequate accounting records, develop and maintain effective systems of internal controls. The Board is of the opinion that the members of the AC have sufficient accounting and financial management expertise and experience in discharging their duties and responsibilities. The Board considers Mr. Lam, who has extensive and practical accounting and financial management knowledge and experience, well qualified to chair the AC.

The Company complies with Rules 712 and 716 of the Catalist Rules. The AC and Board are satisfied that the appointment of different auditing firms for overseas subsidiaries of the Group would not compromise the standard and effectiveness of the audit of the Company.

The functions and responsibilities of the AC include the following:

- (a) to review adequacy and effectiveness of the Company's material internal controls, including financial, operational, compliance and information technology controls and risk management via reviews and evaluation carried out by the internal auditor and external auditor and the assistance given to them by the Company's Management at least annually;
- (b) to review the financial statements of the Company and the half-yearly and full year financial results and the respective results announcements before submission to the Board;
- (c) to review significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (d) to review the assurance from the Executive Director and the Group Financial Controller on the financial records and financial statements;
- (e) to review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;
- (f) to review and approve interested person transactions;
- (g) making recommendations to the Board on (1) proposals to shareholders on the appointment and removal of external auditors; and (2) the remuneration and terms of engagement of the external auditors as well as to review the adequacy, independence, effectiveness, scope of audit plan and results of the internal auditor and external auditor of the Company;
- (h) to review the nature and extent of non-audit services provided by the external auditor; and
- (i) to meet with the external auditor, other committees, and Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC.

In discharging the above duties, the AC confirms that it has full access to and co-operation from Management and is given full discretion to invite any Director or Executive Director to attend its meetings. In addition, the AC has also been given reasonable resources to enable it to perform its functions properly.

During FY2021, the AC has met two times with the external auditor and internal auditor, without the presence of Management.

The AC also reviews all non-audit services provided by the external auditor to ensure that the provision of these services does not affect the independence of the auditors. For FY2021, RSM Chio Lim LLP ("**RSM**") provided tax compliance services to the Company other than audit services. The amount of fees paid to auditors, RSM, in respect of audit and non-audit services for the year under review are \$107,000 and \$12,800, respectively. The AC has reviewed the non-audit services provided by RSM and is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditor and accordingly, has recommended the re-appointment of RSM as auditors of the Company at the forthcoming Annual General Meeting.

CORPORATE GOVERNANCE STATEMENT

The Company has put into place a whistle-blowing framework, where it will ensure that the identity of the whistleblower is kept confidential. The Company is committed to ensure protection of the whistleblower against detrimental or unfair treatment and the AC is responsible for oversight and monitoring of whistleblowing. The whistle-blowing framework is endorsed by the AC, where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters. The whistle blowing policy of the Company is made available to the employees of the Company, for their information. The AC, upon receipt of complaints or allegations from any employee, determines if an investigation is necessary. If an investigation should be carried out, it will direct an independent investigation to be conducted by an independent function on the complaint received. The AC and the Board will receive a report on that complaint and findings of investigation as well as a follow-up report on actions taken.

The AC is kept abreast by the Management and the external auditor of changes to accounting standards, Catalist Rules and other regulations which could have an impact on the Group's business and financial statements.

The Company has not put in place a Risk Management Committee. However, the Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measure to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the Board and AC.

The AC has deliberated the key audit matters identified by the external auditor, i.e. impairment allowances on inventories. Full details of the key audit matter for FY2021 are provided in the Statement by Directors of the Annual Report.

The AC is responsible for the appointment and assessment of the performance of the internal auditor. In FY2021, the Group has appointed Jane Khor Ai Kia, the then Group Finance Manager as its internal auditor to assist the AC to assess and evaluate that the Company maintains a robust and effective system of internal controls by regular monitoring of key controls, conducting audits of high risk areas and undertaking investigations as directed by the AC.

The internal auditor's primary line of reporting is to the Chairman of the AC. On an annual basis, the internal auditor prepares and executes a risk-based audit plan, so as to review the adequacy and effectiveness of the system of internal controls of the Group. Key audit findings are presented to the AC and the results of the findings are also shared with the external auditor. In addition, the AC meets with the internal auditor separately, at least once a year, without the presence of Management.

The AC is satisfied that the internal auditor is adequately qualified (given, inter alia, its adherence to standards set by internationally recognised professional bodies), resourced, has unfettered access to all of the Company's documents, records, properties and personnel, including the AC and has the appropriate standing in the Company to discharge its duties effectively.

The internal auditor directly reports to the AC to ensure its independence function (the finance and accounting function of the Group is led by the Group Financial Controller) and is assisted by an external independent consultant, where necessary, to ensure that the function is adequately resourced. The internal audit plan is approved by the AC to ensure the effectiveness of the internal audit.

The AC is hence of the opinion that the internal audit function is independent, effective and adequately resourced.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 11: Shareholder Rights and Conduct of General Meetings

The Company treats all Shareholders fairly and equitably in order to enable them to exercise Shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives its Shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company encourages shareholders' participation at the Company's annual general meetings. The general meeting is the principal forum for dialogue with shareholders.

CORPORATE GOVERNANCE STATEMENT

At the annual general meeting held in 2021 via electronic means, the Chairman was appointed as proxy by some shareholders to vote on their behalf. The voting results of each of the resolutions tabled are announced on the same day after the meetings. The total numbers of votes cast for or against the resolutions are also announced after the meeting via SGXNET.

In view of the Covid-19 situation, the Company's forthcoming annual general meeting for the financial year ended 31 December 2021 will still be held through electronic means. Although shareholders will not be able to ask questions during the live webcast at the meetings, the Company encourages shareholders to register and submit their questions in advance of the meeting. Shareholders will be given at least 7 calendar days to submit their questions and they may raise questions or share their views regarding the proposed resolutions as well as the Company's businesses and affairs with the Company. The Chairman of the Board and Chairman of the Board Committees as well as the Company's auditor, will provide answers to shareholders' queries received by the Company prior to, or at, the meeting.

At the forthcoming general meeting, a shareholder will not be able to attend the meeting in person. Instead, alternative arrangements have been put in place to allow shareholders to participate in the forthcoming meeting by:

- (a) watching or listening to the live meeting webcast proceedings;
- (b) submitting questions in advance of the meetings; and/or
- (c) appointing the Chairman of the meetings as proxy to attend, speak and vote on their behalf at the forthcoming annual general meeting.

All shareholders have the opportunity to participate effectively in and vote at general meetings.

The Company ensures that sufficient explanations of all resolutions are included in the notice of the annual general meeting. Separate resolutions on each distinct issue are tabled at general meetings. "Bundling" of resolutions are kept to a minimum and executed only where the resolutions are interdependent as to form one significant proposal and only where there are reasons and material implications involved.

Under item 11.1 of the checklist issued by Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation on 13 April 2020 which provides guidance to the listed and non listed entities on the conduct of general meetings during the period when safe management measures are in place, issuers must publish minutes within one month after the general meeting on SGXNET and, if available, the issuer's corporate website.

Accordingly, the Company will publish the minutes of the forthcoming general meeting via SGXNET and corporate website of the Company within one month from the date of meeting. The minutes will record substantial and relevant comments or queries from shareholders relating to the agenda of the general meetings, and responses from the Board and management.

The Board does not implement absentia-voting methods by mail, e-mail or fax, until issues on security and integrity are satisfactorily resolved.

The Company does not have a fixed dividend policy. Nonetheless, key management personnel will review, inter alia, the Group's performance in the relevant financial period, projected capital needs and working capital requirements and make appropriate recommendations to the Board on dividend declaration.

CORPORATE GOVERNANCE STATEMENT

Principle 12: Engagement with Shareholders

The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company endeavours to communicate regularly, effectively and fairly with its shareholders. In line with the continuous disclosure obligations under the relevant rules, the Board ensures that shareholders are promptly informed of all major developments that may have a material impact on the Group in a timely manner. Information is released to shareholders and investors on a timely basis, through SGXNET as well as the Company's corporate website (<http://www.panasian.com.sg>).

Apart from the SGXNET announcements and its annual report, the Company may release press releases or organise media/analyst briefings to keep shareholders informed of corporate developments.

Notwithstanding that the Company does not have a dedicated investor relations team and investor relations policy. Mr. Tang Yujie (previously Mr Isaiah Yap Chun Hong), the Group Financial Controller is responsible for the Company's communication with shareholders. Shareholders and investors who have questions may reach out to Mr Tang at IR@panasian.com.sg. The said email address is also available at the Company's corporate website. The Company will consider the appointment of a professional investor relations officer to manage the function and put in place an investor relations policy when the need arises.

Principle 13: Engagement with Stakeholders

The Board adopts an inclusive approach by considering and balancing the needs and interests of material Stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations. The identified key stakeholders of the Group include suppliers, customers, employees, community, investors and regulators.

The Company regularly engages its stakeholders through various channels to ensure that the business interests are aligned with its stakeholders. Stakeholders of the Company will be able to communicate with the Company through the contact information provided in its corporate website.

RISK MANAGEMENT

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. All significant control policies and procedures are reviewed by Management and all significant matters are tabled to the AC and Board for review and deliberation.

DEALINGS IN SECURITIES

The Company has set out guidelines to the Directors, officers and staff of the Group in relation to dealings in the Company's securities. These guidelines prohibit the Company, its Directors, its officers and staff from dealing in the listed securities of the Group while in possession of material or price sensitive information and during the period one month before the announcement of the Company's half-year and full-year financial results and ending on the date of announcement of the relevant financial results. The Company, its Directors and officers are also advised not to deal in the Company's securities on short-term considerations.

The Company, Directors and officers of the Company are also advised to observe insider trading laws at all times even when dealing in the Company's securities within the permitted trading period.

All Directors are also provided with proper guidance on disclosure of interests in securities, restrictions on disclosure of price sensitive information and disclosure of interests relating to the Group's businesses.

CORPORATE GOVERNANCE STATEMENT

INTERESTED PERSON TRANSACTIONS POLICY

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out the procedures for review and approval. The AC has reviewed the interested person transactions for FY2021 conducted in accordance with Chapter 9 of the Catalist Rules and is satisfied that the transactions were on normal commercial terms.

The aggregate value of interested person transactions entered into during FY2021 pursuant to Rule 920 of the Catalist Rules is as follows:

Name of Interested Persons and Details of Transactions	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
		S\$'000	S\$'000
Payments made by the Group to Wuhu Pam Tech Co. Ltd			
Rental of manufacturing equipment by Wuhu Duvalco Valves & Fitting Co. Ltd from Wuhu Pam Tech Co. Ltd between 1 January 2021 to 31 December 2021	A	100.0	-
Total		100.0	-

Notes:

A. Wuhu Pam Tech Co. Ltd is a Company incorporated in China and is wholly-owned by Mr. Richard Koh Chye Heng, the Executive Chairman of the Company.

Save for the above, there was no other interested party transaction that is S\$100,000 and above for FY2021. The Company does not have an existing general mandate pursuant to Rule 920 of the Catalist Rules.

MATERIAL CONTRACTS

There were no material contracts of the Company or any of its subsidiary companies involving the interests of the Executive Chairman, other Director or controlling shareholder of the Company, either still subsisting at the end of FY2021 or entered into since the end of the previous financial year.

CATALIST SPONSOR

No non-sponsor fees were paid to the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. during FY2021.

STATEMENT BY DIRECTORS

The directors of the Company are pleased to present the accompanying financial statements of the Company and of the Group for the reporting year ended 31 December 2021.

1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements and the consolidated financial statements are drawn up so as to give a true and fair view of the financial position and performance of the Company and, of the financial position and performance of the Group for the reporting year covered by the financial statements or consolidated financial statements; and
- (b) at the date of the statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

The directors of the Company in office at the date of this statement are:

Richard Koh Chye Heng
 Lam Kwong Fai
 Wu Yu Liang
 Lawrence Chen Tse Chau (Appointed on 1 April 2021)
 Lim Xiu Fang, Vanessa (Appointed on 8 September 2021)

3. Directors' interests in shares and debentures

The directors of the Company holding office at the end of the reporting year had no interest in shares or in debentures of the Company or other related body corporate as recorded in the register of directors' shareholdings kept by the Company under section 164 of the Companies Act 1967 ("the Act") except as follows:

<u>Name of directors and companies in which interests are held</u>	<u>Deemed interest</u>	
	<u>At beginning of the reporting year</u>	<u>At end of the reporting year</u>
<u>In the Company</u>	<u>Number of shares of no par value</u>	
Richard Koh Chye Heng	165,137,500	109,137,500
<u>Name of directors and companies in which interests are held</u>	<u>Direct interest</u>	
	<u>At beginning of the reporting year</u>	<u>At end of the reporting year</u>
<u>In the parent company</u>	<u>Number of shares of no par value</u>	
<u>- Xu Jia Zu Holdings Pte. Ltd.</u>		
Richard Koh Chye Heng	750,050 1 ^(a)	675,045 1 ^(a)

By virtue of section 7 of the Act, Richard Koh Chye Heng is deemed to have an interest in the Company and in all the related body corporates of the Company.

- (a) Richard Koh Chye Heng holds one golden share in Xu Jia Zu Holdings Pte. Ltd. at the beginning and end of the reporting year and by virtue of Xu Jia Zu Holdings Pte. Ltd.'s Constitution, he has or is deemed to have the ability to exercise dominant influence over the parent company as well as the listed company.

The directors' interest as at 21 January 2022 were the same as those at the end of the reporting year.

STATEMENT BY DIRECTORS

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

5. Options

During the reporting year, no option to take up unissued shares of the Company or other body corporate in the Group was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

7. Report of Audit Committee

The members of the Audit Committee at the date of this statement are as follows:

Lam Kwong Fai	(Independent director and Chairman of Audit Committee)
Wu Yu Liang	(Independent director)
Lawrence Chen Tse Chau	(Independent director)

The Audit Committee performs the functions specified by section 201B(5) of the Act. Among other functions, it performed the following:

- Reviewed with the independent external auditor their audit plan.
- Reviewed with the independent external auditor their evaluation of the Company's internal accounting controls relevant to their statutory audit, and their report on the financial statements and the assistance given by management to them.
- Reviewed with the internal auditor the scope and results of the internal audit procedures (including those relating to financial, operational and compliance controls and risk management) and the assistance given by the management to the internal auditor.
- Reviewed the financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption.
- Reviewed the interested person transactions (as defined in Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual).

Other functions performed by the Audit Committee are described in the report on corporate governance included in the annual report of the Company. It also includes an explanation of how the independent auditor's objectivity and independence is safeguarded where the independent auditor provides non-audit services.

The Audit Committee has recommended to the board of directors that the independent auditor, RSM Chio Lim LLP, be nominated for re-appointment as independent auditor at the next annual general meeting of the Company.

STATEMENT BY DIRECTORS

8. Directors' opinion on the adequacy of the internal controls

Based on the internal controls established and maintained by the Company, work performed by the internal auditor and independent external auditor, and reviews performed by management, other committees of the board and the board, the audit committee and the board are of the opinion that the Company's internal controls, addressing financial, operational and compliance risks, are adequate as at the end of the reporting year 31 December 2021.

9. Subsequent developments

There are no significant developments subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 1 March 2022, which would materially affect the Group's and the Company's operating and financial performance as of the date of this report.

On behalf of the Directors

.....
Richard Koh Chye Heng
Director

.....
Lam Kwong Fai
Director

31 March 2022

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PAN ASIAN HOLDINGS LIMITED

Report on audit of the financial statements

Opinion

We have audited the accompanying financial statements of Pan Asian Holdings Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Group, and statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including the significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date.

Basis of opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Net realisable value of inventories

Please refer to Note 2 on accounting policies; Note 2C on critical judgements, assumptions and estimation uncertainties; and Note 19 on inventories.

The cost of inventories may not be recoverable in full if those inventories are damaged, or if they become obsolete, or if their selling prices have declined. The assessment of the net realisable value was significant to our audit because the inventory balance represent a significant amount of the Group's total assets as at 31 December 2021.

The estimate of loss allowance on inventories is based on the age of these inventories, prevailing market conditions in the water treatment and process industries and historical allowance experiences which require management's judgement. Management applies particular judgement in the areas relating to inventory allowance based on expected inventory sales. This methodology relies upon assumptions made in determining appropriate allowance percentages for each aged categories of inventory.

For the samples selected our audit procedures included (a) the checking of the net realisable value of the inventories by comparing cost to subsequent selling prices; and (b) reviewing the inventory turnover days and aging of the inventories to assess if there were any significant build up of aged inventories and assessing the reasonableness of the allowance for inventories. We obtained assurance over the appropriateness of management's assumptions applied in calculating the value of inventory allowances by assessing the Group's inventory allowance policy, as well as expectations for future sales and inventory management plans.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PAN ASIAN HOLDINGS LIMITED

Other information

Management is responsible for the other information. The other information comprises information included in the statement by directors and the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PAN ASIAN HOLDINGS LIMITED

Auditor's responsibilities for the audit of the financial statements (Continued)

- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Yeow Thuan Wee.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2022

Engagement partner – effective from year ended 31 December 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2021

	Notes	Group	
		2021 \$'000	2020 \$'000
Revenue	5	22,240	22,927
Cost of sales		(15,669)	(16,002)
Gross profit		6,571	6,925
Interest income		50	22
Other income and gains	6	502	1,472
Marketing and distribution costs	7	(1,467)	(2,798)
Administrative expenses	7	(4,432)	(3,882)
Finance costs	9	(165)	(229)
Other losses	6	(1,074)	(1,248)
Share of profit (loss) from equity-accounted associate		16	(9)
Share of loss from equity-accounted joint ventures		(256)	(105)
(Loss)/profit before tax		(255)	148
Income tax expense	10	(219)	(397)
Loss net of tax		(474)	(249)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
– Gain		109	19
– Reclassification to profit or loss arising from disposal of subsidiary		–	23
Other comprehensive income for the year, net of tax		109	42
Total comprehensive loss		(365)	(207)
Loss attributable to owners of the parent, net of tax		(474)	(249)
Loss attributable to non-controlling interests, net of tax		–	–
Loss net of tax		(474)	(249)
Total comprehensive loss attributable to owners of the parent		(365)	(207)
Total comprehensive loss attributable to non-controlling interests		–	–
Total comprehensive loss		(365)	(207)
Loss per share		<u>Cents</u>	<u>Cents</u>
Basic and diluted	11	(0.22)	(0.12)

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	10,032	10,980	3,855	4,004
Right-of-use assets	14	539	739	-	-
Investments in subsidiaries	15	-	-	3,236	3,236
Investments in associate	16	206	190	-	-
Investments in joint ventures	17	62	58	-	-
Other assets, non-current	18	342	151	241	18
Total non-current assets		11,181	12,118	7,332	7,258
Current assets					
Asset held for sale	13	30	395	-	653
Inventories	19	920	1,155	-	261
Trade and other receivables, current	20	9,346	7,945	4,692	6,092
Contract assets, current	18	1,448	965	-	-
Other assets, current	18	2,776	1,197	42	21
Cash and cash equivalents	21	3,669	5,225	653	656
Total current assets		18,189	16,882	5,387	7,683
Total assets		29,370	29,000	12,719	14,941
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	22	15,300	15,300	15,300	15,300
Other reserves	23	(61)	(170)	-	-
(Accumulated losses)/retained earnings		(346)	128	(3,620)	(2,140)
Equity, attributable to owners of the parent		14,893	15,258	11,680	13,160
Non-current liabilities					
Other financial liabilities, non-current	24	2,912	3,887	-	-
Lease liabilities, non-current	26	496	670	74	108
Total non-current liabilities		3,408	4,557	74	108
Current liabilities					
Liabilities associated with assets held for sale	13	18	326	-	-
Income tax payable		22	257	-	-
Other financial liabilities, current	24	2,446	957	-	-
Lease liabilities, current	26	243	361	35	33
Contract liabilities, current	25	275	751	-	-
Trade and other payables, current	27	8,065	6,533	930	1,640
Total current liabilities		11,069	9,185	965	1,673
Total liabilities		14,477	13,742	1,039	1,781
Total equity and liabilities		29,370	29,000	12,719	14,941

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2021

Group:	Total equity \$'000	Share capital \$'000	Retained earnings (accumulated losses) \$'000	Other reserves \$'000
Current year:				
Opening balance at 1 January 2021	15,258	15,300	128	(170)
Changes in equity:				
Total comprehensive (loss)/income for the year	(365)	-	(474)	109
Closing balance at 31 December 2021	14,893	15,300	(346)	(61)
Previous year:				
Opening balance at 1 January 2020	15,830	15,300	763	(233)
Changes in equity:				
Total comprehensive (loss)/income for the year	(207)	-	(249)	42
Transfer to statutory reserve	21	-	(23)	44
Dividends paid (Note 22A)	(386)	-	(386)	-
Disposal of subsidiary with a change in control	-	-	23	(23)
Closing balance at 31 December 2020	15,258	15,300	128	(170)
Company:		Total equity \$'000	Share capital \$'000	(Accumulated losses) \$'000
Current year:				
Opening balance at 1 January 2021		13,160	15,300	(2,140)
Changes in equity:				
Total comprehensive loss for the year		(1,480)	-	(1,480)
Closing balance at 31 December 2021		11,680	15,300	(3,620)
Previous year:				
Opening balance at 1 January 2020		13,674	15,300	(1,626)
Changes in equity:				
Total comprehensive loss for the year		(128)	-	(128)
Dividends paid (Note 22A)		(386)	-	(386)
Closing balance at 31 December 2020		13,160	15,300	(2,140)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2021

	Group	
	2021 \$'000	2020 \$'000
<u>Cash flows from operating activities</u>		
(Loss)/profit before tax	(255)	148
Adjustments for:		
Allowance for impairment on property, plant and equipment	63	–
Amortisation of land use rights	–	14
Depreciation of property, plant and equipment	681	735
Depreciation of right-of-use assets	360	224
Interest income	(50)	(22)
Interest expense	165	229
Gains on disposal of subsidiaries, net	–	(730)
Gains on disposal of property, plant and equipment, net	(23)	(173)
Share of (profit)/loss from equity-accounted associate	(16)	9
Share of loss from equity-accounted joint ventures	256	105
Operating cash flow before changes in working capital	1,181	539
Trade and other receivables	(787)	(1,435)
Contract assets	(483)	(32)
Other assets	(1,770)	(1,358)
Inventories	235	636
Trade and other payables	992	(774)
Contract liabilities	(476)	389
Net cash flows used in operations	(1,108)	(2,035)
Income taxes paid	(237)	(200)
Net cash flows used in operating activities	(1,345)	(2,235)
<u>Cash flows from investing activities</u>		
Disposal of subsidiaries (net of cash disposed)	–	2,462
Increase of investment in joint venture	(260)	–
Interest received	8	22
Proceeds from disposal of property, plant and equipment	73	263
Purchase of property, plant and equipment	(315)	(473)
Net cash flows (used in)/from investing activities	(494)	2,274
<u>Cash flows from financing activities</u>		
Dividends paid	–	(386)
Increase in borrowings	1,469	5,000
Interest paid	(122)	(194)
Lease liability – principal and interest portion paid	(221)	(315)
Loans and borrowings paid	(955)	(4,372)
Net cash flows from/(used in) financing activities	171	(267)
Net decrease in cash and cash equivalents	(1,668)	(228)
Effect of exchange rate changes on cash and cash equivalent	(30)	59
Cash and cash equivalents, statement of cash flows, beginning balance	5,394	5,563
Cash and cash equivalents, statement of cash flows, ending balance (Note 21A)	3,696	5,394

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

1. GENERAL

The Company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the Company (referred to as “parent”), its subsidiaries and the Group’s interest in associates and joint ventures (the “Group”).

All financial information have been rounded to the nearest thousand (\$’000), except when otherwise indicated.

The board of directors approved and authorised these financial statements for issue on the date of the statement of directors. The directors have the power to amend and reissue the financial statements.

The Company’s principal activities are those relating to investment holding, providing management services to its investees, supply of piping systems and related accessories for use in water and wastewater infrastructure developments.

The Company is listed on Catalist which is a shares market on the Singapore Exchange Securities Trading Limited.

The principal activities of the subsidiaries are described in Note 15 below.

The registered office is 2 Kallang Avenue, CT Hub, #05-19, Singapore 339407. The Company is situated in Singapore.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and the related Interpretations to SFRS(I) (“SFRS(I) INT”) as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act 1967 and with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity’s accounting policies. The areas requiring management’s most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting year of the Company and all of its subsidiaries. The consolidated financial statements are the financial statements of the Group (the parent and its subsidiaries) presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions are eliminated on consolidation. Subsidiaries are consolidated from the date the reporting entity obtains control of the investee and cease when the reporting entity loses control of the investee.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

1. GENERAL (CONTINUED)

Basis of presentation (Continued)

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as available-for-sale financial assets in accordance with the financial reporting standard on financial instruments.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act 1967, the Company's separate statement of profit or loss and other comprehensive income is not presented.

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties.

An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Sale of goods – Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

Services – Revenue from services orders and term projects is recognised when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions revenue is recognised as the services are provided.

Distinct goods or services created over time – For long-term service contracts and projects for constructing, manufacturing or developing an asset the customer value is created over time during the contract period and it is accounted for as a single performance obligation that is satisfied over time. This is because the customer simultaneously receives and consumes the benefits of the entity's performance in processing each transaction as and when each transaction is processed; the performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or the performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. The revenue is recognised over time by using the input method. For the input method the revenue is recognised on the basis of the efforts or inputs to the satisfaction of a performance obligation such as resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used relative to the total expected inputs to the satisfaction of that performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

Other income

Rental income is recognised from operating leases as income on either a straight-line basis. Another systematic basis is used if that basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished.

Interest income is recognised using the effective interest method.

Dividend from equity instruments is recognised in profit or loss only when the entity's right to receive payment of the dividend is established; it is probable that the economic benefits associated with the dividend will flow to the entity; and the amount of the dividend can be measured reliably.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is deducted in calculating the carrying amount of the asset and therefore the grant is recognised in profit or loss over the life of a depreciable asset as a reduced depreciation expense.

Employee benefits

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain subsidiaries overseas have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee. For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Translation of financial statements of other entities

Each entity in the Group determines the appropriate functional currency as it reflects the primary economic environment in which the relevant reporting entity operates. In translating the financial statements of such an entity for incorporation in the combined financial statements in the presentation currency the assets and liabilities denominated in other currencies are translated at end of the reporting year rates of exchange and income and expense items for each statement presenting other comprehensive income are translated at average rates of exchange for the reporting year. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that relevant reporting entity.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and joint arrangements except where the reporting entity is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Leasehold land and properties	–	Over the terms of lease that are approximately 2%.
Plant and equipment	–	10% to 33.33%.

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Rights-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as property, plant and equipment.

Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum lease payments. A corresponding right-of-use asset is recorded (or included in property, plant and equipment). Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as an finance cost. Right-of-use assets are depreciated over the shorter of the estimated useful life of the asset and the lease term. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

Subsidiaries

A subsidiary is an entity including unincorporated and special purpose entity that is controlled by the reporting entity and the reporting entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The existence and effect of substantive potential voting rights that the reporting entity has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the reporting entity controls another entity.

In the reporting entity's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Associates

An associate is an entity including an unincorporated entity in which the reporting entity has a significant influence and that is neither a subsidiary nor a joint arrangement of the reporting entity. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with the financial reporting standard on business combinations. However the entire carrying amount of the investment is tested under the financial reporting standard on impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in the financial reporting standard on financial instruments indicates that the investment may be impaired.

In the consolidated financial statements, the accounting for investments in an associate is on the equity method. Under the equity method the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income. Losses of an associate in excess of the reporting entity's interest in the relevant associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the reporting entity and an associate are recognised in the financial statements only to the extent of unrelated reporting entity's interests in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are changed where necessary to ensure consistency with the policies adopted by the reporting entity. The reporting entity discontinues the use of the equity method from the date that when its investment ceases to be an associate and accounts for the investment in accordance with the financial reporting standard on financial instruments from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

In the Company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

Joint arrangements – joint venture

A joint arrangement (that is, either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the reporting entity is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities (that is, activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a joint venture, the parties with joint control have rights to the net assets of the arrangement. The reporting interests in joint ventures are recognised using the equity method in accordance with the financial reporting standard on Investments in associates and joint ventures (as described above for associates).

In the Company's separate financial statements, an investment in a joint venture is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a joint venture is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the joint venture are not necessarily indicative of the amounts that would be realised in a current market exchange.

Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with the financial reporting standard on financial instruments. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under the financial reporting standard on business combinations. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

Business combinations are initially accounted for on a provisional basis until they are finalised within one year from the acquisition date. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by management by taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

For business combinations achieved in stages, any equity interest held in the acquiree is re-measured immediately before achieving control at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

Non-controlling interests

The non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the reporting entity as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed in the relevant Note.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

Non-controlling interests (Continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Carrying amounts of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

Financial instruments (Continued)

Classification and measurement of financial assets:

1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): A debt asset instrument is measured at fair value through other comprehensive income (FVTOCI) only if it meets both of the following conditions and is not designated as at FVTPL, that is (a): the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets are not reclassified subsequent to their initial recognition, except when, and only when, the reporting entity changes its business model for managing financial assets (expected to be rare and infrequent events). The previously recognised gains, losses, or interest cannot be restated. When these financial assets are derecognised, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.
3. Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI): On initial recognition of an equity investment that is not held for trading, an irrevocably election may be made to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Fair value changes are recognised in OCI but dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. The gain or loss that is presented in OCI includes any related foreign exchange component arising on non-monetary investments (eg, equity instruments). On disposal, the cumulative fair value changes are not recycled to profit or loss but remain in reserves within equity. The weighted average or specific identification method is used when determining the cost basis of equities being disposed of.
4. Financial asset classified as measured at fair value through profit or loss (FVTPL): All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2A. Significant accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2B. Other explanatory information (Continued)

Segment reporting

The reporting entity discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Assets classified as held for sale

Identifiable assets and liabilities and any disposal groups are classified as held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, except as permitted by the financial reporting standard on non-current assets held for sale and discontinued operations in certain circumstances. It can include a subsidiary acquired exclusively with a view to resale. Assets that meet the criteria to be classified as held for sale are measured at the lower of carrying amount and fair value less costs of disposal and are presented separately on the face of the statement of financial position. Once an asset is classified as held for sale or included in a group of assets held for sale no further depreciation or amortisation is recorded. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Net realisable value of inventories:

A review is made periodically on inventory for excess inventory and declines in net realisable value below cost and an allowance is recorded against the inventory balance for any such declines. The review requires management to consider the future demand for the products. In any case the realisable value represents the best estimate of the recoverable amount and is based on the acceptable evidence available at the end of the reporting year and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the end of the reporting year. Possible changes in these estimates could result in revisions to the stated value of the inventories. The carrying amount of inventories at the end of the reporting year of the Group and the Company were approximately \$920,000 (2020: \$1,155,000) and \$Nil (2020: \$261,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION (CONTINUED)

2C. Critical judgements, assumptions and estimation uncertainties (Continued)

Allowance for trade and other receivables:

The entity has few customers and which can be graded as low risk individually. These trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. At the end of the reporting year a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 20 on trade and other receivables.

Income tax amounts:

The entity recognises tax liabilities and tax assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition management judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised for unused tax losses if it is probable that the entity will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves the management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature assessments of likelihood are judgmental and not susceptible to precise determination. The income tax amounts are disclosed in Note 10 on income tax.

Useful lives of property, plant and equipment:

The estimates for the useful lives and related depreciation charges for property, plant and equipment is based on commercial and production factors which could change significantly as a result of innovations and competitor actions in response to market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technically obsolete items or assets that have been abandoned. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amounts of the specific asset or class of assets affected by the assumption of the Group and the Company were approximately \$10,032,000 (2020: \$10,980,000) and \$3,855,000 (2020: \$4,004,000) respectively.

Measurement for impairment of subsidiaries

Where an investee is in net equity deficit and or has suffered losses a test is made whether the investment in the investee has suffered any impairment loss. This measurement requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the asset or liability affected. The carrying amount of the specific asset or liability (or class of assets or liabilities) at the end of the reporting year affected by the assumption is disclosed in Note 15.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

Richard Koh Chye Heng holds one golden share in Xu Jia Zu Holdings Pte. Ltd. at the beginning and end of the reporting year. By virtue of Xu Jia Zu Holdings Pte. Ltd.'s Constitution, he has, or is deemed to have, the ability to exercise dominant influence over the parent company as well as the Company.

3A. Members of a Group:

<u>Name</u>	<u>Relationship</u>	<u>Country of incorporation</u>
Xu Jia Zu Holdings Pte. Ltd.	Ultimate parent company and immediate parent company	Singapore

Related companies in these financial statements include the members of the above group of companies. Associates also include those that are associates of members of the above group.

Related parties in these financial statements refers to the companies with common director who have significant influence.

3B. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Intragroup transactions and balances that have been eliminated in these consolidated financial statements are not disclosed as related party transactions and balances.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	<u>2021</u> <u>\$'000</u>	<u>2020</u> <u>\$'000</u>
Other related parties:		
Factory rental expense	300	300
Rental of manufacturing equipment expense	100	100
Royalty fees expense	282	42
Purchases of goods	-	276
Professional fee expense	1	8

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3C. Key management compensation:

	2021	2020
	\$'000	\$'000
Salaries and other short-term employee benefits	1,920	1,869

The above amounts are included under employee benefits expense. Included in the above amounts are following items:

	2021	2020
	\$'000	\$'000
Remuneration of directors of the Company	718	777
Remuneration of directors of the subsidiaries	340	328
Fees to directors of the Company	94	116
Fees to a firm in which a director is a member	1	6

Further information about the remuneration of individual directors is provided in the report on corporate governance.

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The above amounts for key management compensation are for all the directors and other key management personnel.

3D. Other receivables from and other payables to related parties:

The trade transactions and the trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	Subsidiaries	
	Company	
	2021	2020
	\$'000	\$'000
<u>Other receivables (payables):</u>		
Balance at beginning of the year – net debit	7,587	7,873
Amounts paid in and settlement of liabilities on behalf of the company	–	(286)
Amounts paid out and settlement of liabilities on behalf of subsidiaries	433	–
Balance at end of the year – net debit	8,020	7,587
Presented in the statement of financial position as follows:		
Other receivables (Note 20)	8,108	8,483
Other payables (Note 27)	(88)	(896)
Net	8,020	7,587

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

3D. Other receivables from and other payables to related parties: (Continued)

	Ultimate parent company			
	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Other payables:				
Balance at beginning of the year	(470)	(1,591)	(470)	(1,591)
Amounts paid in and settlement of liabilities on behalf of the company	(325)	-	-	-
Amounts paid out and settlement of liabilities on behalf of ultimate parent company	-	1,121	25	1,121
Balance at end of the year (Note 27)	(795)	(470)	(445)	(470)
	Related parties			
	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Other receivables (payables):				
Balance at beginning of the year	1,986	853	27	25
Amounts paid in and settlement of liabilities on behalf of the company	(25)	-	-	-
Amounts paid out and settlement of liabilities on behalf of the related parties	-	1,133	3	2
Balance at end of the year – net debit	1,961	1,986	30	27
Presented in the statement of financial position as follows:				
Other receivables (Note 20)	2,124	1,993	30	27
Other payables (Note 27)	(163)	(7)	-	-
Net	1,961	1,986	30	27

4. FINANCIAL INFORMATION BY OPERATING SEGMENT

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management purposes the Group is organised into the following major strategic operating segments that offer different products and services: (1) General trading, (2) Engineering solutions, (3) Valves and (4) Others. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

4. FINANCIAL INFORMATION BY OPERATING SEGMENT (CONTINUED)

4A. Information about reportable segment profit or loss, assets and liabilities (Continued)

The segments and the types of products and services are as follows:

- (1) General trading ("GT") – Trading of water piping materials and related accessories;
- (2) Engineering solutions ("ES") – Provision of specialised products to water infrastructure products;
- (3) Valves ("VA") – Valves for municipal and industrial applications; and
- (4) Others – Supply of parts and accessories in Oil & Gas industry and other non-water related products.

Segment results consist of costs directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the Group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate a segment's operating results is gross profit.

Segment assets consist principally of trade receivables that are directly attributable to a segment.

The following tables illustrate the information about the reportable segment profit or loss, assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

4. FINANCIAL INFORMATION BY OPERATING SEGMENT (CONTINUED)

4B. Profit or loss from continuing operations and reconciliations

	GT		ES		VA		Others		Unallocated		Group	
	2021 \$'000	2020 \$'000										
Revenue by segment	11,937	14,989	7,664	6,059	2,578	1,789	61	90	-	-	22,240	22,927
External revenue												
Segment results: –												
Gross profit	4,141	5,238	2,114	1,448	285	185	31	54	-	-	6,571	6,925
Interest income											50	22
Finance costs											(165)	(229)
Amortisation of land use rights								(14)				(14)
Depreciation of property, plant and equipment											(681)	(735)
Depreciation of right-of-use assets											(360)	(224)
Employee benefits expenses											(3,668)	(4,044)
Unallocated corporate expenses											(1,190)	(1,663)
Other (loss)/gains											(572)	224
Share of profit (loss) from equity-accounted associate											16	(9)
Share of loss from equity-accounted joint ventures											(256)	(105)
(Loss)/profit before tax											(255)	148
Income tax expenses											(219)	(397)
Loss net of tax											(474)	(249)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

4. FINANCIAL INFORMATION BY OPERATING SEGMENT (CONTINUED)

4C. Assets, liabilities and reconciliations

	GT		ES		VA		Others		Unallocated		Group	
	2021 \$'000	2020 \$'000										
Reportable segment assets												
Trade and other receivables	3,592	4,328	2,602	883	810	610	2,342	2,124	-	-	9,346	7,945
Contract assets	266	131	1,182	834	-	-	-	-	-	-	1,448	965
Property, plant and equipment									10,032	10,980	10,032	10,980
Right of use assets									539	739	539	739
Cash and cash equivalents									3,669	5,225	3,669	5,225
Asset held for sale									30	395	30	395
Other assets									3,118	1,348	3,118	1,348
Others									1,188	1,403	1,188	1,403
Total assets											29,370	29,000
Reportable segment liabilities												
Trade and other payables									8,065	6,533	8,065	6,533
Other financial liabilities									5,358	4,844	5,358	4,844
Lease liabilities									739	1,031	739	1,031
Liabilities associated with assets held for sale									18	326	18	326
Others									297	1,008	297	1,008
Total liabilities											14,477	13,742
Capital expenditure									315	1,355	315	1,355

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

4. FINANCIAL INFORMATION BY OPERATING SEGMENT (CONTINUED)

4D. Geographical information

	Revenue		Non-current assets	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
South Asia	9,458	11,979	10,589	11,249
North Asia	12,782	10,474	592	869
Europe	-	474	-	-
Total	22,240	22,927	11,181	12,118

4E. Information about major customers

	2021 \$'000	2020 \$'000
Top 1 customer in GT segment	1,178	3,652

5. REVENUE

Revenue from contracts with customers

#A. Revenue classified by type of good or service:

	Group	
	2021 \$'000	2020 \$'000
Sale of goods	20,754	20,987
Commission income	19	34
Services	1,467	1,906
Total revenue	22,240	22,927

#B. Revenue classified by duration of contract:

	Group	
	2021 \$'000	2020 \$'000
Short-term contracts – less than 12 months	20,773	21,021
Long-term contracts – over 12 months	1,467	1,906
Total revenue	22,240	22,927

#C. Revenue classified by timing of revenue recognition:

	Group	
	2021 \$'000	2020 \$'000
Point in time	20,773	21,021
Over time	1,467	1,906
Total revenue	22,240	22,927

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

5. REVENUE (CONTINUED)

The revenue from sale of goods is recognised based on point in time. The customers are retailers and wholesalers. The revenue classified by geographical information are disclosed in Note 4D.

The commission income is from services recognised based on point in time. The customers are commercial consumers based in Singapore and overseas.

The long-term contracts varies between 2 to 5 years and are recognised over time by using the input method.

6. OTHER INCOME AND GAINS AND (OTHER LOSSES)

	Group	
	2021 \$'000	2020 \$'000
Bad debts written off trade receivables	(13)	(157)
Foreign exchange adjustment losses, net	(24)	(144)
Gains on disposal of property, plant and equipment, net	23	173
Gains on disposal of subsidiaries, net (Note 15)	–	730
Government grants ^(a)	218	434
Inventories written off	(22)	(11)
Net allowance for impairment on inventories (Note 19)	(154)	(271)
Net allowance for impairment on property, plant and equipment	(63)	–
Net allowance for impairment on trade receivables – loss (Note 20)	(798)	(639)
Payables written back, net	–	78
Rental income	50	33
Write back of bad debts written off, net	–	5
Sundry income	211	19
Sundry expenses	–	(26)
Net	(572)	224
Presented in profit or loss as:		
Other income and gains	502	1,472
Other losses	(1,074)	(1,248)
Net	(572)	224

^(a) Job Support Scheme (JSS) was announced by the Singapore Government under the Covid-19 (Temporary Measures) Act 2020 to assist the company in retaining the local employees during this period of economic uncertainty. Government grants under Covid-19 (Temporary Measures) Act 2020 recognised during the year amounted to \$50,090 (2020: \$309,000).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

7. MARKETING AND DISTRIBUTION COSTS, AND ADMINISTRATIVE EXPENSES

The major components include the following:

	Group	
	2021 \$'000	2020 \$'000
<u>Marketing and distribution costs</u>		
Employee benefits expense (Note 8)	1,136	2,493
Depreciation of property, plant and equipment (Note 12)	59	68
<u>Administrative expenses</u>		
Employee benefits expense (Note 8)	2,328	1,546
Depreciation of property, plant and equipment (Note 12)	574	615
Depreciation of right-of-use assets (Note 14)	360	224

8. EMPLOYEE BENEFITS EXPENSE

	Group	
	2021 \$'000	2020 \$'000
Employee benefits expense	3,309	3,624
Contributions to defined contribution plan	221	278
Other benefits	138	142
Total employee benefits expense	3,668	4,044
The employee benefits expense is charged under:		
Administrative expenses (Note 7)	2,328	1,546
Cost of sales	204	5
Marketing and distribution costs (Note 7)	1,136	2,493
	3,668	4,044

9. FINANCE COSTS

	Group	
	2021 \$'000	2020 \$'000
Interest expense	122	194
Interest on lease liabilities	43	35
Total finance costs	165	229

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

10. INCOME TAX

10A. Components of tax expense recognised in profit or loss include:

	Group	
	2021 \$'000	2020 \$'000
Current tax expense:		
Current tax expense	219	304
Under adjustments in respect of prior periods	-	93
Total income tax expense	219	397

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2020: 17%) to profit or loss before income tax as a result of the following differences:

	Group	
	2021 \$'000	2020 \$'000
(Loss)/profit before tax	(255)	148
Share of (profit)/loss from equity-accounted associate	(16)	9
Share of loss from equity-accounted joint ventures	256	105
	(15)	262
Income tax (income) expense at the above rate	(3)	45
Effect of different tax rates in different countries	(64)	(53)
Two-tiered profits tax regime	(29)	25
Non-deductible items/(not liable to tax items)	34	(29)
Deferred tax assets not recognised	260	295
Under adjustments in respect of prior periods	-	93
Other minor items	21	21
Total income tax expense	219	397

There are no income tax consequences of individuals to owners of the Company.

The tax effect of major (not liable to tax)/non-deductible items include the following:

	Group	
	2021 \$'000	2020 \$'000
Amortisation on land use right	-	2
Depreciation on non-qualifying plant and equipment	87	92
Gains on disposal of non-qualifying plant and equipment	(4)	(24)
Inventories written down (write down reversal)	13	(5)
Government grants under the Covid-19 (Temporary Measures) Act 2020	(9)	(53)
Non-deductible expenses such as private car expenses	5	5

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

10. INCOME TAX (CONTINUED)

10B. Deferred tax balance recognised in profit or loss includes:

	Group	
	2021 \$'000	2020 \$'000
Excess of tax values over book value of property, plant and equipment	(99)	69
Tax loss carryforwards	331	66
Provisions	28	160
Deferred tax assets not recognised	(260)	(295)
Total deferred tax income recognised in profit or loss	-	-

10C. Deferred tax balance in the statement of financial position:

Deferred tax balances recognised in the balance sheet are as follows:

	Group	
	2021 \$'000	2020 \$'000
<u>Deferred tax (liabilities)/assets recognised in profit or loss:</u>		
Excess of tax values over book value of property, plant and equipment	31	130
Tax loss carryforwards	1,327	996
Provisions	600	572
Deferred tax assets not recognised	(1,958)	(1,698)
Net deferred tax liabilities	-	-

	Company	
	2021 \$'000	2020 \$'000
<u>Deferred tax assets/(liabilities):</u>		
Excess of tax values over book value of property, plant and equipment	36	32
Tax loss carryforwards	922	788
Provisions	588	563
Deferred tax assets not recognised	(1,546)	(1,383)
Net deferred tax liabilities	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

10. INCOME TAX (CONTINUED)

10C. Deferred tax balance in the statement of financial position: (Continued)

It is impracticable to estimate the amount expected to be settled or used within one year.

The above deferred tax assets for the tax losses that have not been recognised in respect of the remaining balance, as the future profit streams are not probable against which the deductible temporary difference can be utilised. The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

Temporary differences arising in connection with interests in subsidiaries and joint ventures are insignificant.

11. LOSSES PER SHARE

The following table illustrates the numerators and denominators used to calculate basic and diluted losses per share of no par value:

	2021 \$'000	2020 \$'000
A. Numerator: loss attributable to equity:		
Continuing operations:		
Total basic and diluted losses attributable to owners of the parent	(474)	(249)
	No. of shares '000	No. of shares '000
B. Denominator: weighted average number of equity shares		
Basic and diluted	214,202	214,202

The weighted average number of equity shares refers to shares in circulation during the reporting year.

The basic amount per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. There is no difference between the basic and diluted weighted average number of shares.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

12. PROPERTY, PLANT AND EQUIPMENT

<u>Group</u>	Construction in-progress \$'000	Leasehold land and properties \$'000	Plant and equipment \$'000	Total \$'000
<u>Cost:</u>				
At 1 January 2020	–	8,900	4,138	13,038
Additions	17	–	1,338	1,355
Reclassified from asset held for sale	–	1,190	–	1,190
Reclassified to asset held for sale	–	–	(52)	(52)
Disposals	–	–	(2,678)	(2,678)
Foreign exchange adjustments	–	–	80	80
At 31 December 2020	17	10,090	2,826	12,933
Additions	–	–	315	315
Reclassified to right-of-use assets	–	–	(47)	(47)
Disposals	–	–	(657)	(657)
Foreign exchange adjustments	(1)	–	35	34
At 31 December 2021	16	10,090	2,472	12,578
<u>Accumulated depreciation and impairment loss:</u>				
At 1 January 2020	–	608	3,115	3,723
Depreciation for the year	–	385	350	735
Reclassified from asset held for sale	–	38	–	38
Reclassified to asset held for sale	–	–	(12)	(12)
Disposals	–	–	(2,588)	(2,588)
Foreign exchange adjustments	–	–	57	57
At 31 December 2020	–	1,031	922	1,953
Depreciation for the year	–	386	295	681
Impairment loss for the year	–	–	63	63
Reclassified to right-of-use assets	–	–	(45)	(45)
Disposals	–	–	(110)	(110)
Foreign exchange adjustments	–	–	4	4
At 31 December 2021	–	1,417	1,129	2,546
<u>Net book value:</u>				
At 1 January 2020	–	8,292	1,023	9,315
At 31 December 2020	17	9,059	1,904	10,980
At 31 December 2021	16	8,673	1,343	10,032

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Allocation of the depreciation expense and impairment loss are as follows:

	Group	
	2021	2020
	\$'000	\$'000
Cost of sales	48	52
Marketing and distribution costs (Note 7)	59	68
Administrative expenses (Note 7)	574	615
Other gains and (other losses) (Note 6)	63	–
Total	<u>744</u>	<u>735</u>

Assets held in trust

Leasehold properties of \$3,372,000 (2020: \$3,436,000), classified under property, plant and equipment are held in trust for the Group and the Company by the ultimate parent company, Xu Jia Zu Holdings Pte. Ltd.

Leasehold properties of \$114,000 (2020: \$114,000) classified under property, plant and equipment are held in trust for the Group by the external parties.

Assets held under bank loans and finance leases

As at the end of the reporting year, the group's leasehold properties with net carrying amount of \$5,184,000 (2020: \$5,508,000) are mortgaged for bank facilities (Note 24B).

<u>Company</u>	Leasehold properties \$'000	Plant and equipment \$'000	Total \$'000
<u>Cost:</u>			
At 1 January 2020	2,644	1,788	4,432
Additions	–	480	480
Reclassified from asset held for sale	1,076	–	1,076
Disposal	–	(1,170)	(1,170)
At 31 December 2020	<u>3,720</u>	<u>1,098</u>	<u>4,818</u>
Additions	–	38	38
At 31 December 2021	<u>3,720</u>	<u>1,136</u>	<u>4,856</u>
<u>Accumulated depreciation:</u>			
At 1 January 2020	183	1,482	1,665
Depreciation for the year	63	178	241
Reclassified from asset held for sale	38	–	38
Disposal	–	(1,130)	(1,130)
At 31 December 2020	<u>284</u>	<u>530</u>	<u>814</u>
Depreciation for the year	64	123	187
At 31 December 2021	<u>348</u>	<u>653</u>	<u>1,001</u>
<u>Net book value:</u>			
At 1 January 2020	<u>2,461</u>	<u>306</u>	<u>2,767</u>
At 31 December 2020	<u>3,436</u>	<u>568</u>	<u>4,004</u>
At 31 December 2021	<u>3,372</u>	<u>483</u>	<u>3,855</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

13. ASSETS HELD FOR SALE

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Assets held for sale:</u>				
Investment held for sale ^(a)	30	395	-	653
	30	395	-	653
<u>Liabilities associated with assets held for sale:</u>				
Investment held for sale ^(a)	18	326	-	-
	18	326	-	-

(a) Following realignment with the Group's operation strategy, the Group commenced liquidation of PA Water Solutions (Shanghai) Limited ("PASH") and Duvalco Valves & Fittings (Wuxi) Co., Ltd ("DVF Wuxi"). Accordingly, the net carrying amount of PASH's and DVF Wuxi cost of investment of the Company and the carrying amount of PASH's and DVF Wuxi's assets and liabilities of the Group was reclassified to assets held for sale and liabilities associated with assets held for sale respectively during the reporting year ended 31 December 2020. See Note 15⁽⁹⁾.

14. RIGHT-OF-USE ASSETS

The right-to-use assets have been included in statement of financial position. The details are as follows:

	Factory and warehouse space \$'000	Office space \$'000	Motor vehicle \$'000	Total \$'000
<u>Group</u>				
<u>Cost:</u>				
At 1 January 2020	53	126	-	179
Additions	866	-	-	866
Foreign exchange adjustments	-	(1)	-	(1)
At 31 December 2020	919	125	-	1,044
Additions	62	94	-	156
Reclassified from property, plant and equipment	-	-	47	47
Foreign exchange adjustments	1	2	1	4
At 31 December 2021	982	221	48	1,251
<u>Accumulated depreciation:</u>				
At 31 January 2020	29	54	-	83
Depreciation for the year	169	55	-	224
Foreign exchange adjustments	-	(2)	-	(2)
At 31 December 2020	198	107	-	305
Depreciation for the year	308	51	1	360
Reclassified from property, plant and equipment	-	-	45	45
Foreign exchange adjustments	1	1	-	2
At 31 December 2021	507	159	46	712
<u>Carrying value:</u>				
At 1 January 2020	24	72	-	96
At 31 December 2020	721	18	-	739
At 31 December 2021	475	62	2	539

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

14. RIGHT-OF-USE ASSETS (CONTINUED)

Other information about the leasing activities relating to the right-of-use assets are summarised as follows:

	Factory and warehouse space	Office space	Motor vehicle
Number of right-of-use assets	2	1	1
Remaining term – range (years)	1.5 to 1.8	1.3	1
Remaining term – average (years)	1.7	1.3	1
Weighted average incremental borrowing rate applied to lease liabilities – 2021	4.58%	4.15%	4.15%
Weighted average incremental borrowing rate applied to lease liabilities – 2020	4.58%	4.15%	–

The depreciation expense is charged to administrative expenses (Note 7).

The right-of-use asset for operating leases included initial direct costs.

For the underlying assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required annually.

Impairment loss allowance is provided if it is determine that the right-of-use asset is impaired.

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 \$'000	2020 \$'000
At cost:		
Balance at beginning of the year	6,387	6,461
Additions	–	650
Disposal	–	(394)
Reclassified to asset held for sale	–	(330)
	6,387	6,387
Allowance for impairment	(3,151)	(3,151)
Balance at the end of the year	3,236	3,236
Movements in allowance for impairment:		
Balance at beginning of the year	3,151	3,545
Disposal of subsidiary	–	(394)
Balance at end of the year	3,151	3,151
Net book value of subsidiaries	2,091	2,953

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The listing of and information on the subsidiaries are given below:

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditor)	Cost in books of Group		Effective percentage of equity held by Group	
	2021 \$'000	2020 \$'000	2021 %	2020 %
Pan Asian Flow Technology Pte. Ltd. ⁽¹⁾ Singapore Supply of piping systems and related accessories for use in water and wastewater infrastructure developments (RSM Chio Lim LLP)	2,000	2,000	100	100
Duvalco Valves & Fittings Pte. Ltd. ⁽¹⁾ Singapore General importers and exporters of valves and investment holding (RSM Chio Lim LLP)	3,000	3,000	100	100
Sacha Inchi Pte. Ltd. ^{(1), (5)} Singapore General importers and exporters for teas (RSM Chio Lim LLP)	-	-	100	100
Pan Asian Water Solutions (HK) Limited ⁽²⁾ Hong Kong Supply of piping systems and related accessories for use in water and wastewater infrastructure developments (RSM Hong Kong)	586	586	100	100
PA Flow Technology (HK) Limited ^{(4), (5)} Hong Kong Dormant	-	-	100	-
PA Water Solutions (Shanghai) Limited ^{(4), (9)} People's Republic of China General importers and exporters of pipes and valves	-	-	100	100
Pan Asian Manufacturing (Tianjin) Co. Ltd. ⁽⁷⁾ People's Republic of China Manufacturing and supply of pipes, fittings, valves and other related accessories	-	-	-	-
PT. Pan Asian Water Solutions ⁽⁴⁾ Indonesia Exporting and importing of products of water treatment	151	151	100	100
W.D. Moore (2013) Pty Ltd ^{(4), (8)} Australia Supply of windmill and solar-powered water pumping systems	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The listing of and information on the subsidiaries are given below: (Continued)

Name of subsidiaries, country of incorporation, place of operations and principal activities (and independent auditor)	Cost in books of Group		Effective percentage of equity held by Group	
	2021 \$'000	2020 \$'000	2021 %	2020 %
Wuhu Duvalco Valves & Fittings Co., Ltd ⁽³⁾ People's Republic of China Manufacturing of valves and fittings (Yongtuo Certified Public Accountants)	650	650	100	100
Total in books of the Company	6,387	6,387		
<u>Held by Pan Asian Flow Technology Pte. Ltd.</u> Pan Asian Flow Technology Sdn. Bhd. ^{(4), (5), (6)} Malaysia Wholesale of a variety of goods and engineering services	-	-	100	100
<u>Held by Duvalco Valves and Fittings Pte. Ltd.</u> Duvalco B.V. ^{(4), (6)} Netherlands Manufacturing of valves and fittings	1,006	1,006	100	100
Duvalco Valves & Fittings (Wuxi) Co., Ltd ^{(3), (9)} People's Republic of China Manufacturing of valves and fittings (Krenston Jiangsu Gongqing CPA)	-	-	100	100
<u>Held by Sacha Inchi Pte. Ltd.</u> Sacha Inchi (Thailand) Co., Ltd. ⁽⁴⁾ Thailand General trading	179	179	100	100

(1) Audited by RSM Chio Lim LLP.

(2) Audited by member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member.

(3) Other independent auditor. Audited by firms of accountants other than member firms of RSM International of which RSM Chio Lim LLP in Singapore is a member. Their names are indicated above.

(4) Not audited, as it is immaterial. The unaudited management financial statements at 31 December 2021 have been used for consolidation purposes.

(5) Cost of investment is less than \$1,000.

(6) Not required to be audited by the laws of local jurisdiction.

(7) On 30 October 2019, the Group entered into a Sales and Purchase agreement (the "proposed disposal") to dispose its entire shareholding interest in its wholly owned subsidiary, Pan Asian Manufacturing (Tianjin) Co. Ltd ("PAM") to a third party buyer. The proposed disposal was approved by the shareholders through an Extra Ordinary General Meeting held on 18 December 2019. Accordingly, the net carrying amount of PAM's cost of investment of the Company is \$1,871,000 (represented by cost of investment of \$4,500,000 net of allowance for impairment of \$2,629,000) was reclassified to investment held for sale in the reporting year 2019. The disposal was completed during the reporting year ended 31 December 2020, consequently, a net gain on disposal of \$746,000 was recognised in the profit or loss included in other income and gains (see Notes 6 and 15A) in the reporting year ended 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (8) During the reporting year ended 31 December 2019, the Group commenced liquidation of W.D. Moore (2013) Pty Ltd ("WDM"). The liquidation was completed during the reporting year ended 31 December 2020, consequently, a net loss on disposal of \$16,000 was recognised in the profit or loss included in the other losses (see Note 6) in the reporting year ended 31 December 2020.
- (9) During the reporting year ended 31 December 2020, the Group commenced liquidation of PA Water Solutions (Shanghai) Limited ("PASH") and Duvalco Valves & Fittings (Wuxi) Co., Ltd ("DVF Wuxi").

As required by Rule 716 of the Catalist Listing Manual of The Singapore Exchange Securities Trading Limited, the Audit Committee and the board of directors of the Company have satisfied themselves that the appointment of different auditor for certain of its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

15A. Disposal of subsidiaries

2020:

The subsidiaries, Pan Asian Manufacturing (Tianjin) Co. Ltd ("PAM") and W.D. Moore (2013) Pty Ltd ("WDM") was deconsolidated on 17 June 2020 and 22 January 2020 respectively.

The results of the subsidiaries (as mentioned above) for the previous reporting year and for the period from the beginning of the reporting year to the date of deregistration, which have been included in the consolidated financial statements, for the reporting year ended 31 December 2020 were as follows:

	At date of disposal in 2020 \$'000
<u>Group</u>	
Revenue	–
Expenses	(40)
Other losses	(14)
Profit before tax before disposal	(54)
<u>Presented as:</u>	
Gain on disposal of subsidiaries, included in profit or loss under other income and gains (Note 6)	730
Net gain on disposal	730

A net gain on disposal of \$730,000 from the de-consolidation being the consideration receivable on deregistration less the carrying amount of the subsidiaries' net assets. No tax charge or credit arose from the transaction. The subsidiary's unaudited financial statements as at 31 March 2020 and 1 January 2020 respectively were used to determine the above gain/loss on disposal of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

15. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

15A. Disposal of subsidiaries (Continued)

2020: (Continued)

The carrying amount of the assets and liabilities of the subsidiaries at the date of deregistration are detailed as follows:

	PAMTJ \$'000	WDM \$'000	Total \$'000
Property, plant, and equipment	293	–	293
Land use rights	1,102	–	1,102
Trade and other receivables	–	530	530
Other assets	919	15	934
Cash and cash equivalents	13	2	15
Trade and other payables	(577)	(531)	(1,108)
Deferred taxation	(19)	–	(19)
Net carrying amount of assets disposed	1,731	16	1,747
Gain on disposal, net (Note 6)	746	(16)	730
Total consideration	2,477	–	2,477

An analysis of the net cash outflow of cash and cash equivalents in respect of the disposal of subsidiaries were as follows:

	PAMTJ \$'000	WDM \$'000	Total \$'000
Cash consideration	2,477	–	2,477
Cash and cash equivalents disposed of	(13)	(2)	(15)
Net cash inflow	2,464	(2)	2,462

16. INVESTMENTS IN ASSOCIATE

	Group	
	2021 \$'000	2020 \$'000
Movements in carrying value:		
Balance at beginning of the year	190	199
Share of profits/(loss) for the year	16	(9)
Balance at end of year	206	190
Share of net book value of associates	206	190

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

16. INVESTMENTS IN ASSOCIATE (CONTINUED)

Name of associates, country of incorporation, place of operations and principal activities (and independent auditor)	Cost in books of Group		Effective percentage of equity held by Group	
	2021	2020	2021	2020
	\$'000	\$'000	%	%
Held by Pan Asian Flow Technology Pte. Ltd. SPJV Integrated LLP ^{(1), (2)} Singapore Building construction	40	40	10	10

(1) Audited by RSM Chio Lim LLP.

(2) Although the Group does not own, directly or indirectly through its subsidiaries, 20 percent or more of the voting or potential voting power of the investee, the investee is regarded as an associate because the Company is able to exercise significant influence by virtue of an agreement with the other shareholder of the investee.

There are associates that are considered not material to the reporting entity. The summarised financial information of all the non-material associates and the aggregate amounts (and not the reporting entity's share of those amounts) based on the financial statements of the associates are as follows. These are adjusted to reflect adjustments made by the reporting entity when using the equity method.

	Group	
	2021 \$'000	2020 \$'000
Aggregate for all non-material associates:		
Profit/(loss) from continuing operations	156	(94)
Total comprehensive income/(loss)	156	(94)
Net assets of the associate	2,056	1,899

There are no significant restrictions on the ability of the major associates to transfer funds to the reporting entity in the form of cash dividends.

17. INVESTMENTS IN JOINT VENTURES

	Group	
	2021 \$'000	2020 \$'000
Movements in carrying value:		
Balance at beginning of year	58	163
Additions	260	-
Share of losses for the year	(256)	(105)
Balance at end of year	62	58
Carrying value:		
Unquoted equity share at cost	350	90
Share of post-acquisition losses	(288)	(32)
	62	58
Share of net book value of joint ventures	120	236

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

17. INVESTMENTS IN JOINT VENTURES (CONTINUED)

<u>Name of joint ventures, country of incorporation, place of operations and principal activities (and independent auditor)</u>	Effective percentage of equity held by the Group	
	2021 %	2020 %
<u>Held by Pan Asian Flow Technology Pte. Ltd.</u> Muhr Asia Pte. Ltd. ^{(1), (5)} Singapore Manufacture and repair of water/waste water treatment equipment	50	50
<u>Held by Duvalco Valves & Fittings Pte. Ltd.</u> Duvalco UK Limited ⁽²⁾ United Kingdom Selling valves and pipes within United Kingdom	50	50
<u>Held by MUHR Asia Pte. Ltd.</u> Wuhu MUHR Manufacturing Co Ltd ^{(3), (4)} People's Republic of China Manufacture and sales of flood control related products (Yongtuo Certified Public Accountants)	50	50

(1) Audited by RSM Chio Lim LLP.

(2) Not audited as it is immaterial. The unaudited management financial statements as at 31 December 2021 have been used for consolidation purposes.

(3) On 22 July 2020, a joint venture of the Group, MUHR Asia Pte. Ltd ("MUHR Asia"), incorporated a wholly owned subsidiary, Wuhu MUHR Manufacturing Co Ltd. ("Wuhu MUHR") with a paid up capital of \$125,000.

(4) During the reporting year ended 31 December 2020, MUHR Asia increased their investment in its subsidiary, Wuhu MUHR Manufacturing Co Ltd by \$450,000 by way of subscription of 450,000 new ordinary shares of \$1.00 each.

(5) During the reporting year ended 31 December 2021, Pan Asian Flow Technology Pte. Ltd. increased their investment in its joint ventures, Muhr Asia Pte. Ltd. by \$260,000 by way of subscription of 260,000 new ordinary share of \$1.00 each.

There are joint ventures that are considered not material to the reporting entity. The summarised financial information of all the non-material joint ventures and the aggregate amounts (and not the reporting entity's share of those amounts) based on the financial statements of the joint venture are as follows. These are adjusted to reflect adjustments made by the reporting entity when using the equity method.

<u>Aggregate for all non-material joint ventures:</u>	Group	
	2021 \$'000	2020 \$'000
Assets	4,092	3,334
Liabilities	3,851	2,863
Revenue	811	654
Loss for the year	(771)	(428)

There are no significant restrictions on the ability of the joint ventures to transfer funds to the Group in the form of cash dividends.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

18. OTHER ASSETS

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Non-current:</u>				
Club memberships at cost	268	45	268	45
Prepayments	101	133	-	-
Less allowance for impairment	(27)	(27)	(27)	(27)
	342	151	241	18
<u>Current:</u>				
Prepayments	141	944	11	10
Deposits to secure services	2,635	253	31	11
Subtotal	2,776	1,197	42	21
Contract assets (Note 18A)	1,448	965	-	-
	4,224	2,162	42	21
<u>Movements in above allowance:</u>				
Balance at beginning and end of the year	27	27	27	27

The above club memberships are held in trust by certain directors and employees.

The carrying value of club memberships is at cost. The fair value of the club memberships is deemed to be not reliably measurable as the probabilities of the various estimates within the range cannot be reasonably assessed as used in estimating fair values. Consequently, it is carried at cost less allowance for impairment.

18A. Contract assets

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>The amount is made up of:</u>				
Consideration for work completed but not billed at the reporting date	1,182	834	-	-
Others	266	131	-	-
At the end of the year	1,448	965	-	-

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>The movements in contract assets are as follows:</u>				
At beginning of the year	965	933	-	-
Cost incurred during the year on uncompleted contracts	483	32	-	-
At the end of the year	1,448	965	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

18. OTHER ASSETS (CONTINUED)

18A. Contract assets (Continued)

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Transaction price allocated to the remaining performance obligations (over time method):				
Expected to be recognised as revenue within 1 year	1,448	965	-	-

The contract assets are for entity's rights to consideration for work completed but not billed at the reporting date on the contracts. The contract assets are transferred to the receivables when the rights become unconditional. The contract liabilities primarily relate to the advance consideration received from customers for which transfer of control occurs, and therefore revenue is recognised. The entity recognises revenue for each respective performance obligation when control of the product or service transfers to the customer.

19. INVENTORIES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Finished goods and goods for resale	920	1,155	-	261
Inventories are stated after allowance				
Movements in allowance:				
Balance at beginning of the year	587	209	175	62
Charged to profit or loss included in other losses (Note 6)	154	271	76	-
Charged to profit or loss included in cost of sales	-	113	-	113
Foreign exchange adjustments	(40)	(6)	-	-
Used	(251)	-	(251)	-
Balance at end of the year	450	587	-	175

Certain inventories are pledged as security for trust receipts (see Note 24A).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Trade receivables:</u>				
Outside parties	7,408	5,724	4	3
Less allowance for impairment	(797)	(39)	-	-
Subsidiaries	-	-	762	567
Less allowance for impairment	-	-	(206)	(204)
Related parties	578	261	120	120
Trade receivables – subtotal	7,189	5,946	680	486
<u>Other receivables:</u>				
Related parties (Note 3D)	2,124	1,993	30	27
Subsidiaries (Note 3D)	-	-	8,108	8,483
Less allowance for impairment	-	-	(4,126)	(2,904)
Outside parties	38	611	5	5
Less allowance for impairment	(5)	(605)	(5)	(5)
Other receivables – subtotal	2,157	1,999	4,012	5,606
Total trade and other receivables	9,346	7,945	4,692	6,092
	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Movements in above allowance:</u>				
Balance at beginning of the year	644	67	3,113	2,871
Allowance for impairment on trade receivables to profit or loss included in other losses (Note 6)	798	639	1,265	812
Disposal of subsidiaries	-	-	-	(518)
Written off	(638)	(62)	(41)	(44)
Foreign exchange adjustments	(2)	-	-	(8)
Balance at end of the year	802	644	4,337	3,113

The non-trade amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

Concentration of trade receivable customers as at the end of the reporting year:

- * 35% (2020: 43%) of the Group's trade receivables were due from two major customers.
- * 91% (2020: 75%) of the Company's trade receivables were due from two major customers.

The expected credit losses (ECL) on the trade receivables are based on the simplified approach to measuring expected credit losses (ECL) which uses a lifetime ECL allowance approach for all trade receivables recognised from initial recognition of these assets. The reporting entity has only a few customers and which can be credit risk graded individually and these are recorded at inception net of expected lifetime ECL. For the few customers with large balances the credit risk is graded individually. For these large balances, at the end of the reporting year a loss allowance is recognised if there has been a significant increase in credit risk since initial recognition. A loss allowance balances of \$797,000 (2020: \$39,000) is recognised. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates (including the impact of the Covid-19 pandemic) are analysed.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 60 to 90 days (2020: 60 to 90 days), but some customers take a longer period to settle the amounts.

- (a) Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Trade receivables:</u>				
31 to 60 days	929	109	-	-
61 to 90 days	528	354	-	348
91 to 120 days	43	294	26	-
Over 120 days	626	1,299	665	131
Total	2,126	2,056	691	479

- (b) Ageing analysis as at the end of reporting year of trade receivable amounts that are impaired:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Trade receivables:</u>				
Over 120 days	797	39	206	204

The allowance which is disclosed in the note on trade receivables is based on individual accounts that are determined to be impaired at the end of the reporting year. These are not secured.

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period.

The other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The other receivables at amortised cost and which can be graded as low risk individually are considered to have low credit risk. At the end of the first reporting period a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. A loss allowance balance of \$5,000 (2020: \$605,000) is recognised.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Other receivables are normally with no fixed terms and therefore there is no maturity. Related company other receivables are regarded as of low credit risk if they are guaranteed by the parent or a related company with the ability to settle the amount. Other receivables are regarded as of low credit risk if they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk.

21. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Not restricted in use	3,669	5,225	653	656

The interest earning balances are not significant.

21A. Cash and cash equivalents in the consolidated statement of cash flows:

	Group	
	2021 \$'000	2020 \$'000
Amount as shown above	3,669	5,225
Add: Cash transferred to asset held for sale	27	169
Cash and cash equivalents at end of the year	3,696	5,394

21B. Non-cash transactions:

	Group	
	2021 \$'000	2020 \$'000
Acquisitions of certain assets under property, plant and equipment under lease contracts	-	224
Acquisitions of certain assets under right-of-use assets under lease contracts	156	866
Acquisitions of certain assets under property, plant and equipment under unpaid trade and other payables	-	658
	156	1,748

21C. Reconciliation of liabilities arising from financing activities:

	2020 \$'000	Cash flows \$'000	Non-cash changes \$'000	2021 \$'000
At 31 December 2021:				
Other financial liabilities	4,844	514	-	5,358
Lease liabilities	1,031	(221)	(71)	739

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

21. CASH AND CASH EQUIVALENTS (CONTINUED)

21C. Reconciliation of liabilities arising from financing activities: (Continued)

	2019 \$'000	Cash flows \$'000	Non-cash changes \$'000	2020 \$'000
At 31 December 2020:				
Other financial liabilities	4,216	628	–	4,844
Lease liabilities	220	(315)	1,126	1,031

22. SHARE CAPITAL

	Group and Company Number of shares issued \$'000	Share capital \$'000
Ordinary shares of no par value:		
Balance at 1 January 2020, 31 December 2020 and 31 December 2021	214,202	15,300

The ordinary shares of no par value which are fully paid carry no right to fixed income. The Company is not subject to any externally imposed capital requirements.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

In order to maintain its listing on the Singapore Stock Exchange it has to have share capital with at least a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and the rules limiting treasury share purchases mean it will continue to satisfy that requirement, as it did throughout the reporting year.

Management receives a report from the share registrars frequently on substantial share interests showing the non-free float to ensure continuing compliance with the 10% limit throughout the reporting year. The management monitors the capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt/adjusted capital (as shown below). Net debt is calculated as total borrowings less cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

22. SHARE CAPITAL (CONTINUED)

Capital management: (Continued)

	Group	
	2021 \$'000	2020 \$'000
Net debt:		
All current and non-current borrowings including leases	6,097	5,875
Less: cash and cash equivalents	(3,669)	(5,225)
Net debt	<u>2,428</u>	<u>650</u>
Adjusted capital:		
Total equity	<u>14,893</u>	<u>15,258</u>
Adjusted capital	<u>14,893</u>	<u>15,258</u>
Debt-to-adjusted capital ratio	<u>16.3%</u>	<u>4.3%</u>

The unfavourable change as shown by the increase in debt-to-adjusted ratio for the reporting year resulted primarily from the increase in liabilities.

22A. Dividends on equity shares

	Rate per share – cents			
	2021	2020	2021 \$'000	2020 \$'000
Final tax exempt (1-1.tier) dividend paid (cents)	–	0.0018	–	386
Total dividends paid in the year	<u>–</u>	<u>0.0018</u>	<u>–</u>	<u>386</u>

23. OTHER RESERVES

	Group	
	2021 \$'000	2020 \$'000
Foreign currency translation reserve (Note 23A)	(277)	(386)
Statutory reserves (Note 23B)	216	216
Total at the end of the year	<u>(61)</u>	<u>(170)</u>

The movements in the reserves are disclosed in the statement of changes in equity.

All reserves classified on the face of the statement of financial position as retained earnings represents past accumulated earnings and are distributable as cash dividends. The other reserves are not available for cash dividends unless realised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

23. OTHER RESERVES (CONTINUED)

23A. Foreign currency translation reserve

	Group	
	2021 \$'000	2020 \$'000
Balance at beginning of the year	(386)	(405)
Exchange differences on translating foreign operations	109	42
Disposal of subsidiary	-	(23)
Balance at end of the year	<u>(277)</u>	<u>(386)</u>

The currency translation reserve accumulates all foreign exchange differences on translating foreign operations.

23B. Statutory reserves

	Group	
	2021 \$'000	2020 \$'000
Balance at beginning of the year	216	172
Transfer from retained earnings	-	44
Balance at end of the year	<u>216</u>	<u>216</u>

A subsidiary incorporated in People's Republic of China ("PRC") is required by the relevant Chinese regulations and the Articles of Association to appropriate, where applicable, certain percentage of profit after taxation (after offsetting all recognised tax losses carried forward from previous financial years) arrived at in accordance with the Company Law of PRC and Company's Articles of Association each year to statutory reserves. The appropriation to statutory reserves must be made before distribution of dividends to shareholders. Subject to certain restrictions, part of the reserve may be converted to increase share capital or be used to make up losses. These statutory reserves are not distributable in the form of cash dividends.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

24. OTHER FINANCIAL LIABILITIES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Non-current:</u>				
<u>Financial instruments with fixed interest rates:</u>				
Bank loans ⁽ⁱ⁾ (Note 24B)	2,912	3,887	-	-
Total non-current portion	2,912	3,887	-	-
<u>Current:</u>				
<u>Financial instruments with floating interest rates:</u>				
Trust receipts for purchase of inventories (Note 24A)	1,469	-	-	-
<u>Financial instruments with fixed interest rates:</u>				
Bank loans ⁽ⁱ⁾ (Note 24B)	977	957	-	-
Total current portion	2,446	957	-	-
Total non-current and current	5,358	4,844	-	-
The non-current portion is repayable as follows:				
Due within two to five years	2,912	3,887	-	-
Total non-current portion	2,912	3,887	-	-

The range of floating interest rates paid were as follows:

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
Bank loans	-	3.38 to 4.01	-	-
Trust receipts for purchase of inventories	1.99 to 2.47	3.52	-	-

The exposure of the borrowings to interest rate changes and the contractual repricing dates at the end of the reporting years are below three months (2020: three months).

The floating rate debt instruments are with interest rates that are re-set regularly at short intervals.

The range of fixed interest rates paid were as follows:

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
Bank loans	2.5	2.5	-	-

The repayment terms of the bank loan is as follows:

- (i) Bank loan is repayable by equal monthly instalments over 5 years from November 2020.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

24. OTHER FINANCIAL LIABILITIES (CONTINUED)

24A. Trust receipts for purchase of inventories

The trust receipts are covered by a first legal charge on certain inventories.

24B. Bank loans and short term borrowings

The short term borrowings are covered by corporate guarantee from the Company.

The bank loans are secured and covered by:

- First legal mortgage over the land of the Group (located at Tuas South Link 3 Plot 24) (Note 12) and the proposed development to be erected thereon into an industrial building;
- Legal assignment of all rights, title and interests in the construction contract, insurance policies, performance bonds, tenancy agreement and sales and purchase agreement of the proposed development; and
- Corporate guarantee from the Company.

The facility agreements include covenants that require the maintenance of certain financial ratios. Any non-compliance with these covenants will result in these loans or other credit facilities becoming repayable immediately upon service of a notice of default by the lenders.

25. CONTRACT LIABILITIES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Current:</u>				
Contract liabilities	275	751	-	-
<u>The amount of contract liabilities on uncompleted contracts is made up of:</u>				
Contract liabilities on long term contracts (over time method)	275	751	-	-
<u>The movements in contract liabilities are as follows:</u>				
At beginning of the year	751	362	-	-
Performance obligation satisfied – revenue recognised during the reporting year	(1,467)	(1,906)	-	-
Additions of contract liabilities from deposit paid by customers during the year	983	333	-	-
Consideration received or receivable	-	1,968	-	-
Foreign exchange adjustments	8	(6)	-	-
At end of the year	275	751	-	-
<u>The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting year:</u>				
Expected to be recognised within 1 year	275	751	-	-
Balance at end of the year	275	751	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

26. LEASE LIABILITIES

Lease liabilities are presented in the statement of financial position as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Lease liabilities, current	243	361	35	33
Lease liabilities, non-current	496	670	74	108
	739	1,031	109	141

Leases for right-to-use assets – the reporting entity has a few leases relating to the factory and warehouse space, office space and motor vehicles. Other information about the leasing activities are summarised as follows – The leases prohibit the lessee from selling or pledging the underlying leased assets as security unless permitted by the owners. There are no variable payments linked to an index. The leases are for terms between 1 to 1.8 years. Certain of the leases provide options to purchase the underlying leased asset outright (eg, motor vehicle). Certain of the leases provide options to extend the leases for a further term.

The lease liabilities above does not include the short-term leases of less than 12 months and leases of low-value underlying assets. Variable lease payments which do not depend on an index or a rate or based on a percentage of revenue are not included from the initial measurement of the lease liability and the right-to-use assets.

Only variable lease payments that depend on an index or a rate; payments that vary to reflect changes in market rental rates are included in the measurement of the lease liability. Such variable amounts that are unpaid at the commencement date are included in the measurement of lease liability. Variable lease payments would also include extension options and termination options; residual value guarantees; and leases not yet commenced to which the lessee is committed. The variable lease payments that are based on revenue are recognised in profit or loss in the year in which the condition that triggers those payments occurs.

Lease liabilities under operating leases are secured by the right-of-use assets because these will revert to the lessor in the event of default.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Certain leases are secured by a legal charge over the leased assets.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes to in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

There were no future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities above.

A summary of the maturity analysis of lease liabilities is disclosed in Note 30E. Total cash outflows from leases are shown in the statement of cash flows. The right-to-use assets are disclosed in Note 14.

The weighted average incremental borrowing rate applies to the lease liabilities recognised are between 4.15% to 4.58% (2020: 4.15% to 4.58%) per year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

27. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	2,754	2,927	-	-
Related parties	564	834	-	-
Subsidiaries (Note 3D)	-	-	25	-
Trade payables – subtotal	3,318	3,761	25	-
<u>Other payables:</u>				
Outside parties	2,016	1,434	257	274
Ultimate parent company (Note 3D)	795	470	445	470
Related parties (Note 3D)	163	7	-	-
Subsidiaries (Note 3D)	-	-	88	896
Advances received from customers ^(a)	1,773	861	115	-
Other payables – subtotal	4,747	2,772	905	1,640
Total trade and other payables	8,065	6,533	930	1,640

(a) The movements in advances received from customers are as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
At beginning of the year	861	761	-	-
Consideration received or receivable	1,656	1,193	115	-
Performance obligation satisfied – revenue recognised	(744)	(1,093)	-	-
At end of the year	1,773	861	115	-

28. CONTINGENT LIABILITIES

	Company	
	2021 \$'000	2020 \$'000
Undertaking to support subsidiaries with deficits ^(a)	5,179	4,608

(a) Undertaking to support subsidiaries with deficits – The Company has undertaken to provide continued financial support to certain of its subsidiaries which had net capital deficit at the end of the reporting year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

29. CAPITAL COMMITMENTS

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	Group	
	2021	2020
	\$'000	\$'000
Commitments to purchase of plant and equipment	83	90

30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

30A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	Group		Company	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	13,015	13,170	5,345	6,748
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	14,162	12,408	1,039	1,781

Further quantitative disclosures are included throughout these financial statements.

30B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. The guidelines set up the short and long term objectives and action to be taken in order to manage the financial risks.

The guidelines include the following:

1. Minimise interest rate, currency, credit and market risk for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance (if necessary). The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following acceptable market practices.
5. When appropriate consideration is given to entering into derivatives or any other similar instruments solely for hedging purposes.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

30C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

30D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 21 discloses the maturity of cash and cash equivalent balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

Other receivables are normally with no fixed terms and therefore there is no maturity.

30E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows):

Group	Less than one year \$'000	Two to five years \$'000	Total \$'000
<u>31 December 2021:</u>			
Other financial liabilities	2,543	3,022	5,565
Gross lease liabilities	448	323	771
Trade and other payables	6,292	–	6,292
At end of the year	9,283	3,345	12,628
<u>31 December 2020:</u>			
Other financial liabilities	981	4,179	5,160
Gross lease liabilities	401	702	1,103
Trade and other payables	5,672	–	5,672
At end of the year	7,054	4,881	11,935

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

30E. Liquidity risk – financial liabilities maturity analysis (Continued)

<u>Company</u>	Less than one year \$'000	Two to five years \$'000	Total \$'000
<u>31 December 2021:</u>			
Gross lease liabilities	39	77	116
Trade and other payables	815	–	815
At end of the year	854	77	931
<u>31 December 2020:</u>			
Gross lease liabilities	39	116	155
Trade and other payables	1,640	–	1,640
At end of the year	1,679	116	1,795

The undiscounted amounts on the borrowings with fixed and floating interest rates are determined by reference to the conditions existing at the reporting date.

Financial guarantee contracts – For financial guarantee contracts the maximum earliest period in which the guarantee could be called is used. At the end of the reporting year no claims on the financial guarantees are expected (see Note 28).

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 60 days (2020: 60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

30F. Interest rate risk

The interest rate risk exposure is from changes in fixed interest rate and floating interest rates and it mainly concerns financial liabilities. The interest from financial assets including cash balances is not significant. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Financial liabilities with interest:				
Fixed rate	4,628	5,875	109	141
Floating rate	1,469	–	–	–
Total at end of the year	6,097	5,875	109	141

The floating rate debt asset instruments are with interest rates that are re-set regular intervals. The interest rates are disclosed in the respective notes.

Sensitivity analysis: The effect on pre-tax profit is not significant.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

30G. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

Analysis of amounts denominated in non-functional currencies:

Group	US Dollars \$'000	Sterling Pound \$'000	Euro \$'000	Japanese Yen \$'000	Chinese Renminbi \$'000	Total \$'000
<u>As at 31 December 2021:</u>						
<u>Financial assets:</u>						
Cash	735	305	47	30	–	1,117
Trade and other receivables	1,792	378	364	–	–	2,534
Total financial assets	2,527	683	411	30	–	3,651
<u>Financial liabilities:</u>						
Borrowings	1,006	–	–	–	–	1,006
Trade and other payables	1,150	401	2,261	2	3	3,817
Total financial liabilities	2,156	401	2,261	2	3	4,823
Net financial assets (liabilities) at end of the year	371	282	(1,850)	28	(3)	(1,172)
Group	US Dollars \$'000	Sterling Pound \$'000	Euro \$'000	Japanese Yen \$'000	Chinese Renminbi \$'000	Total \$'000
<u>As at 31 December 2020:</u>						
<u>Financial assets:</u>						
Cash	768	451	27	32	–	1,278
Trade and other receivables	412	133	61	–	–	606
Total financial assets	1,180	584	88	32	–	1,884
<u>Financial liabilities:</u>						
Trade and other payables	371	156	171	1,590	147	2,435
Total financial liabilities	371	156	171	1,590	147	2,435
Net financial assets (liabilities) at end of the year	809	428	(83)	(1,558)	(147)	(551)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

30G. Foreign currency risks (Continued)

	US Dollars \$'000	Sterling Pound \$'000	Euro \$'000	Japanese Yen \$'000	Total \$'000
<u>Company</u>					
As at 31 December 2021:					
<u>Financial assets:</u>					
Cash	81	11	16	30	138
Trade and other receivables	23	-	-	-	23
Total financial assets	104	11	16	30	161
Net financial assets at end of the year	104	11	16	30	161
	US Dollars \$'000	Sterling Pound \$'000	Euro \$'000	Japanese Yen \$'000	Total \$'000
<u>Company</u>					
As at 31 December 2020:					
<u>Financial assets:</u>					
Cash	155	19	18	32	224
Trade and other receivables	36	183	688	-	907
Total financial assets	191	202	706	32	1,131
<u>Financial liabilities:</u>					
Trade and other payables	809	-	-	-	809
Total financial liabilities	809	-	-	-	809
Net financial (liabilities) assets at end of the year	(618)	202	706	32	322

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against the following currencies with all other variables held constant would have a favourable/(adverse) effect on pre-tax profit of:				
• Chinese Renminbi	-	15	-	-
• US Dollars	(37)	(81)	(10)	62
• Sterling Pound	(28)	(43)	(1)	(20)
• Euro	185	8	(2)	(71)
• Japanese Yen	(3)	156	(3)	(3)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

30. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONTINUED)

30G. Foreign currency risks (Continued)

The above table shows sensitivity to a hypothetical 10% variation in the functional currency against the relevant foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies, there would be comparable impacts in the opposite direction on the profit or loss.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each currency to which the entity has significant exposure at end of reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

31. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

SFRS (I) No.	Title
SFRS (I) 1-39; 7 and 9	Interest Rate Benchmark Reform – Amendments to Conceptual Framework for Financial Reporting
SFRS (I) 16	Covid-19 Related Rent Concessions – Amendment to (effective from 1 June 2020)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

32. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application.

SFRS (I) No.	Title	Effective date for periods beginning on or after
SFRS (I) 1-1	Presentation of Financial Statements- amendment relating to Classification of Liabilities as Current or Non-current	1 Jan 2023
SFRS (I) 1-8	Definition of Accounting Estimates – Amendments to	1 Jan 2023
SFRS (I) 1-12	Deferred Tax Related to Asset and Liability arising from a Single Transaction – Amendments to	1 Jan 2023
SFRS (I) 1-37	Onerous Contracts – Costs of Fulfilling a Contract – Amendments to	1 Jan 2022
SFRS (I) 1	First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter (Annual Improvement Project)	1 Jan 2022
SFRS (I) 3	Definition of a Business – Reference to the Conceptual Framework – Amendments to	1 Jan 2022
SFRS (I) 9	Financial Instruments – Fees in the “10 per cent” test for derecognition of financial liabilities (Annual Improvement Project)	1 Jan 2022
SFRS (I)10 and SFRS (I) 1-28	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	Not fixed yet
Various	Annual Improvements to SFRS(I)s 2018-2020	1 Jan 2022

STATISTIC OF SHAREHOLDINGS

AS AT 15 MARCH 2022

NUMBER OF SHARES	:	214,202,036
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE VOTE FOR EACH ORDINARY SHARE
NUMBER OF TREASURY SHARES AND SUBSIDIARY HOLDINGS HELD	:	NIL

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	13	1.34	250	0.00
100 – 1,000	348	35.95	338,568	0.16
1,001 – 10,000	365	37.71	1,810,038	0.85
10,001 – 1,000,000	232	23.97	18,449,443	8.61
1,000,001 & ABOVE	10	1.03	193,603,737	90.38
TOTAL	968	100.00	214,202,036	100.00

TOP TWENTY SHAREHOLDERS AS AT 15 MARCH 2022

	NO. OF SHARES	%
XU JIA ZU HOLDINGS PTE LTD	109,137,500	50.95
LIM WEI ZHI SYLVESTER	56,000,000	26.14
CEDRIC YAP KUN HAO	9,774,200	4.56
DBS NOMINEES PTE LTD	5,837,837	2.73
PHILLIP SECURITIES PTE LTD	4,798,400	2.24
LIM HOCK CHAU	2,738,900	1.28
IFAST FINANCIAL PTE LTD	1,677,900	0.78
LIM CHIN BEE	1,600,000	0.75
KOH CHIN SAN JEREMY	1,038,000	0.48
TAN KIM TEE	1,001,000	0.47
BNP PARIBAS NOMS SPORE PL	948,000	0.44
TANG TIAN TIAN	820,200	0.38
CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	671,100	0.31
LAI SEL PIN (LAI XUEBING)	600,000	0.28
CHUA SAN CHONG	596,500	0.28
CITIBANK NOMS SPORE PTE LTD	580,100	0.27
LEE CHEE KWAN	513,000	0.24
HO SU-LING	443,100	0.21
OCBC SECURITIES PRIVATE LTD	368,648	0.17
YAP CHING SEOW	364,200	0.17
	199,508,585	93.14

STATISTIC OF SHAREHOLDINGS

AS AT 15 MARCH 2022

SUBSTANTIAL SHAREHOLDERS AS AT 15 March 2022

as recorded in the Register of Substantial Shareholders

NAME OF SHAREHOLDINGS	DIRECT INTEREST	NO. OF SHARES		
		%	DEEMED INTEREST	%
XU JIA ZU HOLDINGS PTE LTD	109,137,500	50.95	–	–
LIM WEI ZHI SYLVESTER	56,000,000	26.14	–	–
RICHARD KOH CHYE HENG ⁽¹⁾	–	–	109,137,500	50.95
KOH EDDIE ⁽²⁾	–	–	109,137,500	50.95
VANESSA LIM XIU FANG ⁽³⁾	–	–	56,000,000	26.14

- (1) 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 the parent company as well as the listed company.
- (2) 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.
- (3) Ms Vanessa Lim Xiu Fang is deemed to have an interest in the shares held by her brother, Mr Lim Wei Zhi Sylvester.

PERCENTAGE OF SHAREHOLDING HELD BY THE PUBLIC

As at 15 March 2022, approximately 22.90% of the issued ordinary shares of the Company are held by the public. Accordingly, Rule 723 of the Listing Manual Section B: Rules of the Catalist issued by SGX-ST has therefore been complied with.

NOTICE OF ANNUAL GENERAL MEETING

This Notice has been made available on SGXNet and the Company's website and may be accessed at the URL <http://www.panasian.com.sg/investors-media-menu/announcements>. A printed copy of this Notice, proxy form and Annual Report will **NOT** be despatched to the Shareholders.

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of the Company will be held by way of electronic means on Monday, 25 April 2022 at 10:00 am to transact the following businesses:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Financial Statements for the financial year ended 31 December 2021 and the Auditor's Report thereon. **(Resolution 1)**
2. To re-elect Mr Richard Koh Chye Heng, who is retiring pursuant to Regulation 101 of the Constitution of the Company, as director of the Company. **(Resolution 2)**
3. To re-elect Mr Lam Kwong Fai, who is retiring pursuant to Regulation 101 of the Constitution of the Company, as director of the Company. **(Resolution 3)**

Mr Lam will, upon re-election, continue to serve as Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. He is considered independent for the purpose of Rule 704(7) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B Rules of Catalist ("**Catalist Rules**"). Mr Lam does not have any relationship including immediate family relationship with the Directors, the Company or its substantial shareholders. The detailed information of Mr Lam can be found under "Board of Directors" and "Corporate Governance Statement" in the Company's Annual Report 2021.

4. To re-elect Ms Lim Xiu Fang, Vanessa, who is retiring pursuant to Regulation 105 of the Constitution of the Company, as director of the Company. **(Resolution 4)**
5. To approve Directors' fees of S\$115,000 for the financial year ending 31 December 2022 (FY2021: S\$100,000). **(Resolution 5)**
6. To re-appoint RSM Chio Lim LLP as auditors of the Company and authorise the Directors to fix their remuneration. **(Resolution 6)**
7. To transact any other ordinary business which may properly be transacted at an AGM.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolution with or without any modifications:

8. Authority to allot and issue shares and convertible securities **(Resolution 7)**
 - (a) That pursuant to Section 161 of the Companies Act 1967, and the Catalist Rules, authority be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:
 - (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise;
 - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

NOTICE OF ANNUAL GENERAL MEETING

- (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and
- (b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

- (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 100% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 50% of the total number of issued shares excluding treasury shares and subsidiary holdings of the Company.

For the purpose of this resolution, the total number of issued shares excluding treasury shares and subsidiary holdings is based on the Company's total number of issued shares excluding treasury shares at the time this resolution is passed, after adjusting for:

- (a) new shares arising from the conversion or exercise of convertible securities,
- (b) new shares arising from exercising share options or vesting of share awards provided that the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules, and
- (c) any subsequent bonus issue, consolidation or subdivision of the shares,

Adjustments in accordance with subparagraphs (i)(a) and (i)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution.

- (ii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), the Act and the Constitution, for the time being, of the Company; and
- (iii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next AGM or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

(See Explanatory Note 1)

BY ORDER OF THE BOARD

Richard Koh Chye Heng
Executive Chairman

2 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Note:

1. Resolution 7, if passed, will empower the Directors, from the date of this Meeting until the next AGM, to allot and issue new shares and/or convertible securities in the Company including a rights or bonus issue without seeking further approval from shareholders in general meeting for such purposes as the Directors consider would be in the best interests of the Company. The maximum number of shares which the Directors may issue pursuant to this Resolution shall not exceed the quantum set out in Resolution 7.

Notes:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM are set out in the Company's announcement dated 2 April 2022 which has been uploaded to SGXNet together with this Notice of AGM. This announcement, the Notice of AGM and the FY2021 Annual Report may also be accessed on the Company's corporate website at the URL <http://www.panasian.com.sg/investors-media-menu/announcements> and on SGXNet.
2. In particular, the AGM will be held by way of electronic means and a Shareholder will be able to watch the proceedings of the AGM through a "live" webcast via mobile phones, tablets, computers or listen to these proceedings through a "live" audio feed via telephone. In order to do so, a Shareholder who wishes to watch the "live" webcast or listen to the "live" audio feed must pre-register by 10:00 a.m. on 22 April 2022 ("**Registration Deadline**"), at the URL <http://www.panasian.com.sg/investors-media-menu/shareholders-meetings>. Following authentication of the registrant's status as Shareholders, authenticated Shareholders will receive email instructions on how to access the webcast and audio feed of the proceedings of the AGM latest by 3:00 p.m. on 23 April 2022.

Shareholders who have pre-registered by the Registration Deadline but did not receive the aforementioned email by 3.00 p.m. on 23 April 2022 should contact the Company's share registrar, B.A.C.S. Private Limited, at the following email address: IR@Panasian.com.sg, with the following details included: (1) the full name of the shareholder; and (2) his/her/its identification/registration number.

3. Shareholders will not be able to ask questions during the live audio-visual webcast of the AGM proceedings. Therefore, it is important for shareholders to pre-register and submit their questions in advance of the AGM. All questions must be submitted by no later than 5:00 p.m. on 13 April 2022 in the following manners:
 - (a) via the following email address at IR@Panasian.com.sg, with your full name, number of shares held and manner in which you hold shares (via CDP, CPF or SRS); or
 - (b) in hard copy by sending personally or by post and lodging the same at the office of the Company's Share Registrar, B.A.C.S. Private Limited, 77 Robinson Road, #06-03 Robinson 77, Singapore 068896.

To ensure that questions are received by the Company by the stipulated deadline, members and Supplementary Retirement Scheme ("SRS") investors are strongly encouraged to submit questions by email. The Company will endeavour to address all substantial and relevant questions relating to the resolutions to be tabled at the AGM, at least seventy-two (72) hours prior to the closing date and time for the lodgement of the proxy forms, i.e. on or before 10:00 a.m. of 19 April 2022 on SGXNET and on our corporate website.

Investors holding shares through relevant intermediaries (as defined in Section 181 of the Act (other than SRS investors) will not be able to submit questions relating to the business of the AGM via the above manner. Instead, they should approach their relevant intermediaries as soon as possible in order for the relevant intermediaries to make necessary arrangements for them to submit questions in advance of the AGM.

We will also publish minutes of the AGM including responses from management and Board of Directors on our corporate website (<http://www.panasian.com.sg/investors-media-menu/shareholders-meetings>) and on SGXNet website within 1 month after the AGM date.

4. The AGM will be held by way of electronic means and members will not be able to attend the AGM in person. A Shareholder (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a Shareholder (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
5. The Chairman of the Meeting, as proxy, need not be a Shareholder of the Company.
6. The instrument appointing the Chairman of the Meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:
 - (a) if sent personally or by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited, 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or
 - (b) if submitted by email, be received by main@zicoholdings.com.

in either case, by no later than 10:00 a.m. on 22 April 2022, and in default, the instrument of proxy shall not be treated as valid.

NOTICE OF ANNUAL GENERAL MEETING

7. The instrument appointing the Chairman of the Meeting as proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be either under its seal or signed on its behalf by a duly authorised officer or attorney.
8. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (such as in the case where the appointor submits more than one instrument of proxy).
9. In the case of a Shareholder whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if such Shareholder, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at 10:00 a.m. on 22 April 2022, as certified by The Central Depository (Pte) Limited to the Company.

Central Provident Fund (“CPF”) and SRS investors should be informed that if they wish to vote, they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM. Investors who have deposited their shares into a nominee account should also approach their depository agent and relevant intermediaries at least 7 working days before the AGM if they wish to vote. Proxy forms appointing such person other than the Chairman of the Meeting shall be deemed to appoint the Chairman of the Meeting as proxy.

10. A member of the Company who holds his/her shares through a Relevant Intermediary* (including CPFIS Members or SRS investors) and who wish to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her Relevant Intermediary (including his/her CPF Agent Bank or SRS Approved Bank) to submit his/her voting instructions at least seven (7) working days prior to the date of the AGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a Shareholder of the Company (i) consents to the collection, use and disclosure of the Shareholder’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, “Purposes”), and (ii) warrants that where the Shareholder discloses the personal data of the Shareholder’s proxy(ies) and/or representative(s) to the Company (or its agents), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder’s breach of warranty.

PAN ASIAN HOLDINGS LIMITED

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

IMPORTANT:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting at the annual general meeting are set out in the Annual Report.
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") who wishes to vote at the annual general meeting should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the annual general meeting. CPF Investors and/or SRS Investors should contact their respective agent banks for any queries they may have with regard to appointment of the chairman of the annual general meeting as proxy for the meeting.
3. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 2 April 2022.

PROXY FORM

*I/We _____ (Name)

of _____ (Address)

being a member/members of Pan Asian Holdings Limited (the "**Company**"), hereby appoint the **Chairman of the Meeting** as my/our proxy/proxies to vote for me/us on my/our behalf at the annual general meeting ("**AGM**" or the "**Meeting**") of the Company, to be held by electronic means on Monday, 25 April 2022 at 10:00 a.m. and at any adjournment thereof.

The proxy shall vote on the Resolutions set out in the Notice of AGM dated 2 April 2022 in accordance with my/our directions as indicated hereunder.

No.	Ordinary Resolutions	For#	Against#	Abstain#
1.	To adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021.			
2.	To re-elect Mr Richard Koh Chye Heng as Director of the Company.			
3.	To re-elect Mr Lam Kwong Fai as Director of the Company.			
4.	To re-elect Ms Lim Xiu Fang, Vanessa as Director of the Company.			
5.	To approve the Directors' Fees for the financial year ending 31 December 2022.			
6.	To re-appoint RSM Chio Lim LLP as Auditors of the Company.			
7.	To authorise the Directors to issue shares and convertible securities.			

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 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 Shareholders

IMPORTANT: PLEASE READ NOTES OVERLEAF

* Delete where applicable.

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 ("SFA")), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number of shares is inserted, this proxy form will be deemed to relate to all the shares held by you.
2. 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 (as amended from time to time), the AGM will be held by way of electronic means and members of the Company will NOT be allowed to attend the AGM in person.
3. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in this Proxy Form, failing which the appointment will be treated as invalid.
4. The Chairman of the Meeting, as proxy, need not be a member of the Company.
5. Shareholders will not be able to ask questions during the live audio-visual webcast of the AGM proceedings. Therefore, it is important for shareholders to pre-register and submit their questions in advance of the AGM. All questions must be submitted by no later than 5:00 p.m. on 13 April 2022 in the following manners:
 - (a) via the following email address at IR@Panasian.com.sg, with your full name, number of shares held and manner in which you hold shares (via CDP, CPF or SRS); or
 - (b) in hard copy by sending personally or by post and lodging the same at the office of the Company's Share Registrar, B.A.C.S. Private Limited, 77 Robinson Road, #06-03 Robinson 77, Singapore 068896.

To ensure that questions are received by the Company by the stipulated deadline, members and Supplementary Retirement Scheme ("SRS") investors are strongly encouraged to submit questions by email. The Company will endeavour to address all substantial and relevant questions relating to the resolutions to be tabled at the AGM, at least seventy-two (72) hours prior to the closing date and time for the lodgement of the proxy forms, i.e. on or before 10.00 a.m. of 19 April 2022 on SGXNET and on our corporate website.

Investors holding shares through relevant intermediaries (as defined in Section 181 of the Act (other than SRS investors)) will not be able to submit questions relating to the business of the AGM via the above manner. Instead, they should approach their relevant intermediaries as soon as possible in order for the relevant intermediaries to make necessary arrangements for them to submit questions in advance of the AGM.

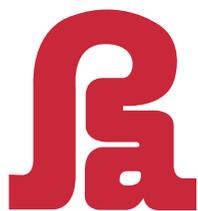
We will also publish minutes of the AGM including responses from management and Board of Directors on our corporate website (<http://www.panasian.com.sg/investors-media-menu/shareholders-meetings>) and on SGXNet website within 1 month after the AGM date.

6. This Proxy Form must be submitted:
 - a. if sent personally or by post, be lodged at the office of the Company's Share Registrar, B.A.C.S Private Limited, 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or
 - b. if submitted by email, be received by main@zicoholdings.comin each case, no later than 10:00 a.m. on 22 April 2022, and failing which, this Proxy Form will not be treated as valid.

In view of the current COVID-19 situation 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.

7. A member of the Company who holds his/her shares through a Relevant Intermediary* (including CPFIS Members or SRS investors) and who wish to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her Relevant Intermediary (including his/her CPF Agent Bank or SRS Approved Bank) to submit his/her voting instructions at least seven (7) working days prior to the date of the AGM.
 8. This proxy form must be under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
 9. Where this 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 this proxy form, failing which this proxy form shall be treated as invalid.
 10. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form 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 AGM, as certified by The Central Depository (Pte) Limited to the Company. In view of Section 81SJ(4) of the SFA, a depositor shall not be regarded as a member of the Company entitled to attend the AGM and to speak and vote thereat unless his/her name appears in the Depository Register maintained by the CDP at least 72 hours before the AGM. Any Shareholder who is holding his/her shares via the CDP but whose name is not registered with the CDP 72 hours before the AGM will not be entitled to attend at the AGM. Accordingly, even if such shareholder deposits his proxy form 72 hours before the AGM, he will not be entitled to attend at the AGM.
 11. 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 with respect to the AGM, in accordance with Section 179 of the Companies Act 1967 and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
 12. A member of the Company who holds his/her shares through a Relevant Intermediary* (including CPFIS Members or SRS investors) and who wish to exercise his/her votes by appointing the Chairman of the Meeting as proxy should approach his/her Relevant Intermediary (including his/her CPF Agent Bank or SRS Approved Bank) to submit his/her voting instructions at least seven (7) working days prior to the date of the AGM.
- *A Relevant Intermediary is:
- (a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
 - (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act 2001 and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

13. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 2 April 2022.



PAN ASIAN HOLDINGS LIMITED
百益勝控股有限公司

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