



汎港控股
PAN HONG HOLDINGS

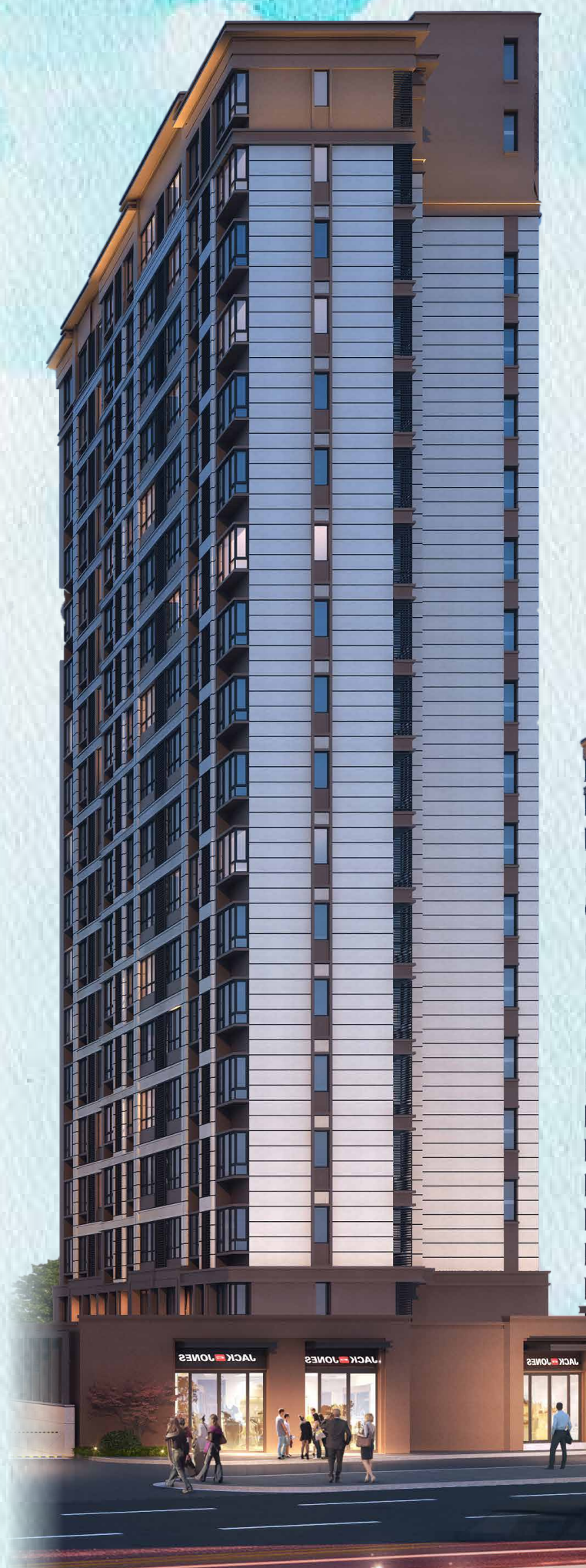


TRANSFORMING VISIONS INTO REALITY

ANNUAL REPORT 2023-2024

TABLE OF CONTENTS

1	Corporate Information
2	Corporate Profile
3	Financial Highlights
6	Chairman's Statement
9	Business, Operations and Financial Review
16	Board of Directors
18	Key Management Personnel
19	Report on Corporate Governance
47	Sustainability Report
65	Directors' Report
67	Directors' Statement
68	Financial Section
69	Independent Joint Auditors' Report
73	Consolidated Statement of Comprehensive Income
74	Statements of Financial Position
75	Consolidated Statement of Cash Flows
76	Consolidated Statement of Changes in Equity
77	Notes to the Financial Statements
121	Property Portfolio
124	Shareholders' Information
126	Additional Information required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST on Directors seeking for re-election
130	Notice of Annual General Meeting



CORPORATE INFORMATION

COMPANY REGISTRATION NUMBER

37749

BOARD OF DIRECTORS

Executive:

Wong Sum (*Chairman*)

Wang Cuiping (*Chief Executive Officer*)

Non-Executive:

Ng Keong Khoon (*Lead Independent Director*)

Choo Kian Koon (*Independent Director*)

Zheng Haibin (*Independent Director*)

Tan Kim Swee Bernard (*Independent Director*)

Chung Yiu Kwong Nixon (*Independent Director*)

AUDIT COMMITTEE

Ng Keong Khoon (*Chairman*)

Choo Kian Koon

Zheng Haibin

NOMINATING COMMITTEE

Choo Kian Koon (*Chairman*)

Ng Keong Khoon

Wong Sum

REMUNERATION COMMITTEE

Zheng Haibin (*Chairman*)

Choo Kian Koon

Ng Keong Khoon

COMPANY SECRETARIES

Ngai Ting Fung, Ian

Toh Li Ping, Angela

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton, HM 11

Bermuda

BUSINESS OFFICE

Room 1214, 12 Floor, Tower B

Hunghom Commercial Centre

37-39 Ma Tau Wai Road

Hunghom, Hong Kong

Tel: 852-2363-1300

Fax: 852-2764-2160

ASSISTANT SECRETARY/ BERMUDA SHARE REGISTRAR

Conyers Corporate Services

(Bermuda) Limited

Clarendon House

2 Church Street

Hamilton, HM 11

Bermuda

SHARE TRANSFER AGENT

B.A.C.S. Private Limited

77 Robinson Road #06-03

Robinson 77

Singapore 068896

JOINT AUDITORS

BDO Limited

Certified Public Accountants, Hong Kong

25th Floor Wing On Centre

111 Connaught Road Central

Hong Kong

Director-in-charge

Cheung Or Ping

(Appointed with effect from financial year 31 March 2021)

BDO LLP

Public Accountants and Chartered Accountants, Singapore

600 North Bridge Road

#23-01 Parkview Square

Singapore 188778

Partner-in-charge

William Ng Wee Liang

(Appointed with effect from financial year 31 March 2022)

CORPORATE PROFILE

Headquartered in Hong Kong, Pan Hong Holdings Group Limited (汎港控股集团有限公司) and its subsidiaries (“**Pan Hong**” or the “**Group**”) is a property developer focused on developing high quality residential and commercial properties in the second and third-tier cities in the People’s Republic of China (“**PRC**”).

Pan Hong is an early entrant in the property development sector in these lower-tier cities. Backed by over 20 years of management experience in the PRC’s property development industry, Pan Hong has established its presence in Hangzhou and Huzhou cities in Zhejiang Province and has developed projects with gross floor area of well over 600,000 square meters since its inception. With the successful bid for the land use right of the land located in Shanwei City, Guangdong Province, made in April 2021 (the “**Shanwei Project**”), the Group is expanding its business geographically to the Guangdong Province for the first time.

As a testament to the strong brand identity that Pan Hong has established in the second and third-tier cities as well as the quality of its property developments, the Group has received several awards for its projects. The Group’s Huzhou Run Yuan Project (湖州润园项目) had received “2014 Huzhou Most Expected Property Project (2014湖州最期待楼盘)” and “2015 Huzhou Most Influential Property Selling Project (2015年度湖州最具影响力营销事件楼盘)”. The Group’s Huzhou Hua Cui Ting Yuan (湖州华萃庭院) was awarded “2015 Huzhou Good Living Property Project (2015年度湖州宜居楼盘)”. Improving the quality of its projects as well as home and business owners’ satisfaction have always been the Group’s primary missions.

Pan Hong was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 20 September 2006.

While the Group is currently principally engaged in the business of property development, it has been exploring and seeking new opportunities to broaden revenue and improve profitability. To better reflect ongoing efforts aimed at diversifying the Group’s business and to align with the nature and principal activities of the Company, namely investment holding and other future activities, the Group changed its name from Pan Hong Property Group Limited to Pan Hong Holdings Group Limited with effect from 9 September 2015.

Pan Hong Holdings Group Limited will integrate all the strengths of the Group, attract talents, and continue to develop in a diversified way.





FINANCIAL HIGHLIGHTS

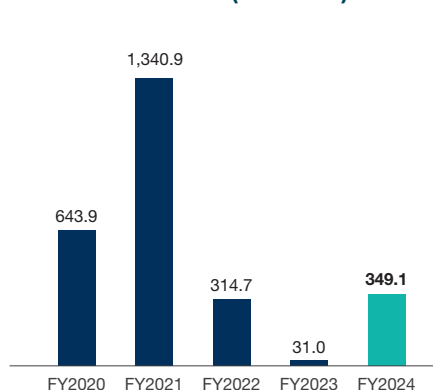
FINANCIAL HIGHLIGHTS

RMB'000	Year ended 31 March 2024 ("FY2024")	Year ended 31 March 2023 ("FY2023")	Change
PROFIT AND LOSS			
Revenue	349,085	31,049	1024.3%
Gross profit	102,619	14,803	593.2%
Gross profit margin	29.4%	47.7%	(18.3pts)
Profit/(loss) after tax	36,896	(6,737)	647.7%
Profit/(loss) attributable to the owners of the Company	31,062	(6,330)	590.7%
REVENUE ANALYSIS BY TYPE OF PROPERTIES			
Residential	330,518	10,319	3103.0%
Commercial and others	18,567	20,730	(10.4%)

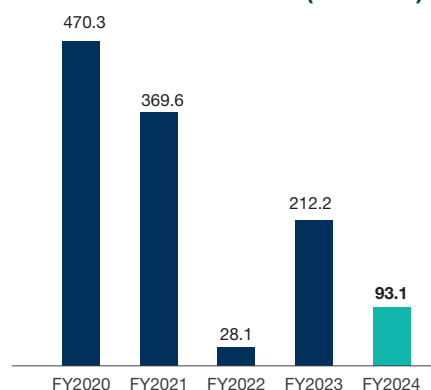


FINANCIAL HIGHLIGHTS

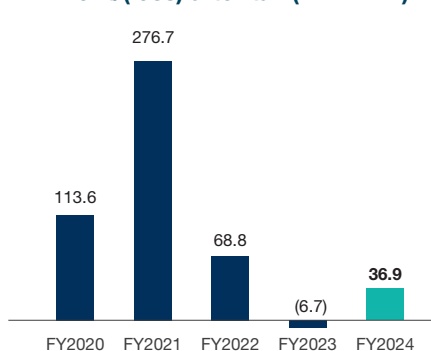
Revenue (RMB' mil)



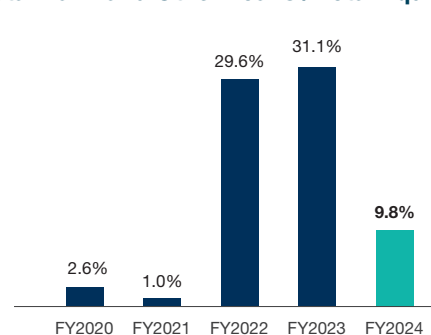
Cash and Bank Balances (RMB' mil)



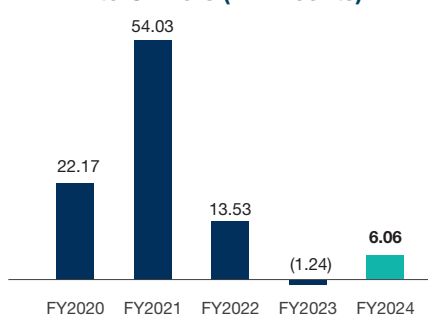
Profit/(loss) after tax (RMB' mil)



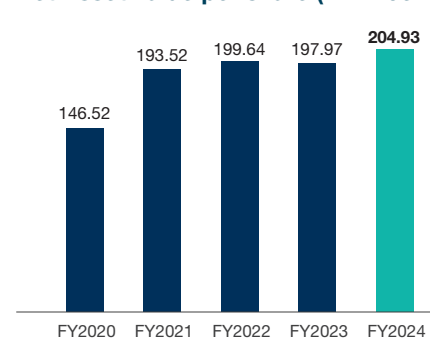
Net Gearing%:
Total Bank and Other Loans / Total Equity



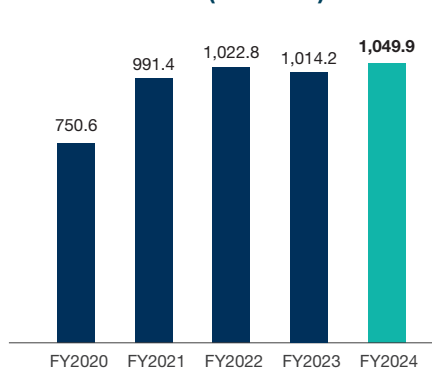
Earnings/(loss) per share attributable to Owners (RMB cents)



Net Asset Value per share (RMB cents)



Net Asset (RMB' mil)





CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the “**Board**”), I hereby present to the shareholders of the Company the results and the financial performance of the Group for the year ended 31 March 2024.

RESULT AND FINAL DIVIDEND

The Group had recorded a revenue of RMB349.1 million and a net profit of RMB36.9 million for the year ended 31 March 2024. Profit attributable to owners of the Company amounted to RMB31.1 million and basic earnings per share was RMB6.06 cents.

For the year ended 31 March 2024, no dividend has been declared as the Group is conserving cash for its business operations and future developments.

MARKET REVIEW

During the reporting period, the gradual recovery of the national economy post-pandemic in the People's Republic of China (“**PRC**”) was evidenced by a 5.3% gross domestic product (“**GDP**”) growth year-on-year for the first quarter of 2024, compared to 5.2% in the previous quarter based on official data published by the National Bureau of Statistics (the “**Bureau**”).

In the real estate sector, despite the completion of debt restructuring exercises of various large-scale developers subjected to debt-default events, market sentiment remained subdued as property prices declined. According to official data published by the Bureau, new home prices in major PRC cities fell between April and May 2024 on both year-on-year and month-on-month basis.

Based on official data published by the Bureau, out of a statistical pool of 70 major PRC cities, 64 and 68 (on a month-on-month basis), as well as 63 and 67 (on a year-on-year basis) cities recorded a decrease in April and May 2024 respectively.

Investment appetite of potential property buyers is expected to remain weak in the short-to-medium term in the wake of declining property prices and turnover, as well as growing concerns with the slow momentum of the economic recovery and market risks of oversupply.

In light of the above trend, the People's Bank of China has announced various nationwide supportive policies in order to stimulate the property market in May 2024. Firstly, the floor level of commercial mortgage rates for first and second homes was cancelled. Secondly, minimum down payment ratios for individuals' commercial housing mortgages were lowered to 15% for first-home purchases and 25% for second-home purchases. Thirdly, the loan rates of the individual housing provident fund were reduced by 0.25% to 2.35% and 2.85% for first-home loans that mature within or at five years and over five years, respectively. In addition, the local governments of a number of PRC cities have announced buyback plan of qualified unsold properties from the market. It is expected that the above policies could provide a boost for the destocking of the country's property market.

Focusing on the Group's operations during the reporting period, Run Ze Yuan project was duly completed in the third quarter of 2023, and the control of most of the pre-sold property units was handed over to the buyers. Notwithstanding the uncertain macroeconomic environment, the Group believes that its solid financial position and track record will garner confidence and support from the potential local buyers. Together, we shall strive to transform our visions into reality and forge a better future for all our investors and homeowners.

BUSINESS OUTLOOK

The Group's revenue in FY2024 was mainly derived from the handover of residential units of Run Ze Yuan (润泽园).

While monitoring closely the effects of government policy changes and market trends, the Group will continue to fortify its operational capabilities and marketing expertise in the construction and presale of its another existing project, Run Hong Yuan (润泓园).

As a progress update of the Shanwei Project, the Group is in the process of refining the overall design plan of the project with ongoing communication with local government officials, including site plan, building configurations and outlook, floor plans and layout, water and electricity connection plan. Upon completion of this planning and design phase, the Group will submit the plan to local regulatory department and apply for the Construction Project Planning Permit. Construction of the project is yet to commence at this stage.

Going forward, the Group will also carefully assess and filter investment opportunities for both its core property development business and potential business growth areas.

CHAIRMAN'S STATEMENT

APPRECIATION

On behalf of the Board, firstly, I warmly welcome Mr. Tan Kim Swee Bernard ("**Mr. Tan**") and Mr. Chung Yiu Kwong Nixon ("**Mr. Chung**") as Independent Directors of the Company. With extensive experience in the legal service and commercial property industries, we are confident that Mr. Tan and Mr. Chung will provide valuable insights and guidance to the Group.

Next, I would also like to express our heartfelt gratitude to Dr. Choo Kian Koon and Dr. Zheng Haibin, who will be stepping down as Independent Directors of the Company at the conclusion of the forthcoming annual general meeting, for their contributions and efforts driving the growth of the Group over the years.

Lastly, I would like to express my sincere appreciation to our shareholders, business partners and associates for your continued confidence in the Group. I would like to also thank the Board for their contributions and support. Last but not least, to my management and staff, thank you for your concerted efforts in building the business and enhancing the reputation of Pan Hong in the PRC. Together, we look forward to forging a better future for Pan Hong.

Wong Sum

Executive Chairman
28 June 2024





BUSINESS, OPERATIONS AND FINANCIAL REVIEW

BUSINESS AND OPERATION REVIEW

OVERVIEW OF OUR BUSINESS

During the year under review, the Group recorded a revenue of RMB349.1 million, mainly from the sales of residential units of Run Ze Yuan. The total gross floor area (“GFA”) of the residential and commercial properties (excluding car parking spaces and other spaces sold) in FY2024 amounted to approximately 28,563 sq. m.

The following table presents an analysis of the Group’s revenue in FY2024:

	Year ended 31 March 2024
(i) Residential	
– GFA sold (in sq. m.)	27,726
– Average selling price (RMB per sq. m.)	11,921
– Revenue (approx RMB’000)	330,518
(ii) Commercial	
– GFA sold (in sq. m.)	837
– Average selling price (RMB per sq. m.)	9,071
– Revenue (approx RMB’000)	7,590
(iii) Car parking spaces and others	
– Revenue (approx RMB’000)	10,977

PROPERTY PRE-SALES

As of 26 May 2024, the Group’s pre-sales value from Run Hong Yuan had a total unbilled sales of RMB431.9 million. The status of the sales of our property development is summarised as follows:

Name of Project	Province	Type of units	Est. total GFA released for sales (sq. m.)	Percentage of pre-sold units	[^] Unbilled sales (RMB’million)
Run Hong Yuan	Zhejiang	Residential	38,712	78%	431.9
TOTAL					431.9

[^] Unbilled sales is computed as follows: pre-sales at the beginning period plus new pre-sales during the period less those handed over to buyers as at 31 March 2024

BUSINESS AND OPERATION REVIEW

CONSTRUCTION PROGRESS AND DEVELOPING PROJECTS

The Group will maintain its scale and pace of construction activities in order to have enough GFA available for sale and for delivery to support our growth in coming years. Currently, the Group's property projects under construction is as follows:

Name of Project	Province	City	Planned Gross Floor Area (sq. m.)	Expected Completion Date
Run Hong Yuan	Zhejiang	Huzhou	Residential: 61,536* Commercial: 2,402*	Q1 CY2025

* of which 35% of the GFA is subjected to self-ownership period of 8 years upon completion.

LAND BANK

As at 31 March 2024, the Group had land bank with total planned saleable GFA of 339,402 sq. m. in Huzhou and Shanwei in the People's Republic of China. The Group's land bank as at 31 March 2024 was as follows:

	Land bank (sq. m.)
Properties held under development	61,536
Properties held for future development	277,866
Total	339,402

FINANCIAL REVIEW

(a) REVIEW OF FINANCIAL RESULTS FOR FY2024 COMPARED TO FY2023

	Group	
	FY2024	FY2023
Revenue (RMB'000)		
Residential	330,518	10,319
Commercial and others	18,567	20,730
Total Revenue	349,085	31,049

Revenue

The Group's revenue in FY2024 was RMB349.1 million compared to RMB31.0 million in FY2023, an increase of RMB318.1 million.

The revenue in FY2024 was primarily derived from the transfer of control of residential units of Run Ze Yuan (润泽园) to buyers in the year. In comparison, the revenue in FY2023 was mainly attributable to the transfer of control of commercial units of Pan Hong Run He (汎港润合) to buyers. The increase was mainly due to a higher number of the transfer of control of property units in FY2024 than FY2023.

As the Group is primarily engaged in property development business, revenue recognition is dependent on the launch of new projects and transfer of control of sold properties. Consequently, revenue and profit for the Group looking across years will appear irregular.

Cost of Sales and Gross Profit Margin

In line with the increase in revenue, the cost of sales increased from RMB16.2 million in FY2023 to RMB246.5 million in FY2024. Accordingly, gross profit increased from RMB14.8 million in FY2023 to RMB102.6 million in FY2024.

Gross profit margin decreased from 47.7% in FY2023 to 29.4% in FY2024 as a result of lower gross profit for residential units sold for Run Ze Yuan in FY2024 as compared to the commercial units sold for Pan Hong Run He in FY2023.

Other Income and Other Gains and Losses

Other income and other gains and losses mainly consisted of (i) interest income, (ii) net fair value gain/(loss) of investment properties and (iii) rental income. Other income and other gains and losses increased from RMB1.5 million in FY2023 to RMB6.9 million in FY2024. The increase was mainly attributable to an increase in interest income, net fair value gain of investment properties and rental income.

Selling and Distribution Expenses

Selling and distribution expenses increased by 224.7% from RMB8.2 million in FY2023 to RMB26.7 million in FY2024. The higher selling expenses in FY2024 was mainly due to higher expensed incremental costs for obtaining sales contracts of the property units.

Administrative Expenses

Administrative expenses increased by 9.0% from RMB16.5 million in FY2023 to RMB18.0 million in FY2024, mainly due to an increase in depreciation expenses and expensed staff costs in FY2024.

Finance Costs

Finance costs decreased by 42.3% from RMB3.8 million in FY2023 to RMB2.2 million in FY2024, mainly due to a decrease in the balance of bank and other loans for working capital purpose. Finance costs of bank loans for property development purpose are fully capitalised in properties held under development.

Income Tax Expense

Income tax expense increased from a credit of RMB5.6 million in FY2023 to an expense of RMB25.7 million in FY2024. This was mainly attributable to an increase in PRC enterprise income tax (“EIT”) and land appreciation tax (“LAT”) in the People’s Republic of China (“PRC”) arising from higher profit before tax recorded in FY2024.

Profit/(loss) for the Year

As a cumulative effect of the foregoing factors, the Group recorded profit after tax of RMB36.9 million in FY2024, compared to loss after tax of RMB6.7 million in FY2023.

Exchange Differences on Translation of Financial Statements of Foreign Operations

Exchange differences on translation of financial statements of foreign operations increased from a loss of RMB0.9 million in FY2023 to a gain of RMB0.1 million in FY2024. The increase was mainly due to the depreciation of RMB against Hong Kong Dollar (“HKD”) during the financial year that resulted in a translation gain of the Group’s subsidiaries with significant asset balances which were denominated in HKD.

Total Comprehensive Income for the Year

As a cumulative effect of the above factors, the Group recorded a total comprehensive income with a profit of RMB35.7 million in FY2024, compared to a loss of RMB8.6 million in FY2023.

(b) REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2024 AND CASH FLOW FOR FY2024

Property, Plant and Equipment

As at 31 March 2024, the Group had property, plant and equipment of RMB47.8 million, compared to RMB52.0 million as at 31 March 2023. The decrease was mainly due to the depreciation of property, plant and equipment during the year.

Investment Properties

As at 31 March 2024, the Group had investment properties of RMB70.5 million compared to RMB58.6 million as at 31 March 2023. The increase was mainly due to the transfer of properties held for sale to investment properties and the net fair value gain of investment properties during the year.

Financial Assets at Fair Value Through Other Comprehensive Income

As at 31 March 2024, the balance of approximately RMB25.2 million (31 March 2023: RMB26.5 million) representing the fair value of 16.6% (31 March 2023: 16.6%) equity interest in Zhejiang Gene Stem Cell Biotech Company Limited held by the Group.

Financial Assets at Fair Value Through Profit or Loss

Financial assets at fair value through profit or loss included listed equity securities in Hong Kong and the PRC, decreased to RMB54,000 as at 31 March 2024 from RMB80,000 as at 31 March 2023. The decrease was mainly due to the net fair value loss of financial assets at fair value through profit or loss during the year.

Properties Held Under Development

The Group’s properties held under development decreased by RMB287.1 million from RMB1,633.6 million as at 31 March 2023 to RMB1,346.5 million as at 31 March 2024. The decrease was mainly due to the net effect of the transfer of properties held under development to properties held for sale upon completion of construction of Run Ze Yuan and the construction costs incurred for and Run Hong Yuan (润泓园) during FY2024.

FINANCIAL REVIEW

Properties Held for Sale

Properties held for sale increased from RMB156.6 million as at 31 March 2023 to RMB478.6 million as at 31 March 2024, mainly due to the transfer of properties held under development to properties held for sale upon completion of construction of Run Ze Yuan.

Prepayments and Other Receivables

The Group's prepayments and other receivables decreased from RMB110.0 million as at 31 March 2023 to RMB96.1 million as at 31 March 2024. The decrease was mainly due to the transfer of prepayments made to contractors for the purchase of construction materials to properties held under development.

Contract Cost Assets

The Group's contract cost assets of RMB15.4 million as at 31 March 2024 represent capitalised incremental costs for obtaining sales contracts of its property units under the pre-sale stage.

Tax Recoverable

Tax recoverable decreased from approximately RMB18.1 million as at 31 March 2023 to approximately RMB11.6 million as at 31 March 2024 mainly due to the utilisation of prepaid EIT and LAT by the Group.

Accruals, Other Payables and Contract Liabilities

Accruals and other payables mainly comprised the accrued construction costs and project-related expenses that are based on the progress of project development but yet to due for payment.

Accruals and other payables increased from approximately RMB232.7 million as at 31 March 2023 to approximately RMB341.2 million as at 31 March 2024. The increase was mainly due to the accrual of incurred contract costs payable to contractors.

Contract liabilities were the advance receipts from customers in respect of the deposits and prepayments for pre-sales of the Group's properties.

Contract liabilities decreased from approximately RMB532.9 million as at 31 March 2023 to approximately RMB503.3 million as at 31 March 2024. The decrease was mainly due to the net effect of the advance receipts of Run Ze Yuan being recognised as revenue upon transfer of control of property units to buyers and advance receipts of Run Hong Yuan received during the year.

Current Tax Liabilities

Current tax liabilities decreased from RMB104.7 million as at 31 March 2023 to RMB100.9 million as at 31 March 2024. The decrease was mainly attributable to the net effect of income tax liabilities derived from the profit recorded by the Group's subsidiaries and payment of income tax during the year.

Amounts Due to Related Parties

Amounts due to related parties increased from RMB87.3 million as at 31 March 2023 to RMB87.8 million as at 31 March 2024, which was mainly due to the change of foreign exchange rate.

All amounts due to related parties were unsecured, non-interest bearing and repayable on demand.

Bank and Other Loans

As at 31 March 2024, the Group had bank and other loans of RMB102.8 million, a decrease from RMB315.6 million as at 31 March 2023, mainly due to the net effect of drawdown of new other loan and settlement of bank and other loans during the year.

Bank loans of approximately RMB3.3 million and RMB64.5 million were secured by the Group's property, plant and equipment, properties held under development and properties held for sale respectively as at 31 March 2024.

Based on the Group's total equity of RMB1,049.9 million, the Group recorded a net gearing ratio (total bank and other loans/total equity) of 9.8% as at 31 March 2024, compared to 31.1% as at 31 March 2023.

Cash Flow Analysis

In FY2024, the Group recorded RMB194.0 million of net cash generated from operating activities, which was mainly due to the net effect of the receipts from property buyers, progress payment for the construction and payment of income tax.

Net cash used in investing activities in FY2024 amounted to RMB0.1 million, mainly due to the purchase of property, plant and equipment.

Net cash used in financing activities in FY2024 amounted to RMB221.2 million, mainly due to net effect of new other loan made and repayment of bank and other loans and interest during the year.

Included in bank balances and cash are restricted bank balances of RMB79.4 million (31 March 2023: RMB171.8 million), which can only be applied in the designated property development project(s). As at 31 March 2024, the Group had cash and cash equivalents of RMB13.6 million.

BOARD OF DIRECTORS

Mr. Wong Sum (“Mr. Wong”) is the Executive Chairman of the Company. He was appointed to the Board of Directors (“Board”) on 31 March 2020 and was last re-elected on 28 July 2023. Mr. Wong is responsible for the formulation and execution of overall business strategies and policies of the Group, as well as leading the Board to ensure its effectiveness on all aspects of its roles.

Mr. Wong was previously the director of HWX Group, a private architecture and design firm during 2017 to 2019, and he worked as the Corporate Banking Manager in the China Construction Bank (Asia) Corporation Limited during 2015 to 2017.

Mr. Wong also holds key positions in several political and economic organisations, such as member of the All-China Youth Federation (中华全国青年联合会), member of the Heilongjiang Provincial Committee of the Chinese People’s Political Consultative Conference (中国人民政治协商会议黑龙江省委员会) and sector head and standing committee of Jiangxi Youth Federation (江西省青年联合会).

Mr. Wong obtained a master degree in Finance from Peking University and a bachelor degree in Management from the University of Warwick. He is the son of the Group’s founder, Mr. Wong Lam Ping.

Ms. Wang Cuiping (“Ms. Wang”) is an Executive Director of the Company and the Chief Executive Officer of the Group. She was appointed to the Board on 14 August 2006 and was last re-elected on 28 July 2021. She joined the Group in 2002, and is responsible for strategic planning and financial management, as well as the overall management of the Group. Before joining Pan Hong, she spent 13 years from 1982 with the Inner Mongolia Hai Bo Wan Mining Bureau (内蒙古海勃湾矿务局) handling accounting matters, eventually becoming the head of the financial department from 1992 to 1995. From 1995 to 2002, she worked as a tax expert for the Inner Mongolia Wu Hai City State Administration of Taxation (内蒙古乌海市国税局). She later joined 999 Huzhou Pharmaceutical Company (三九湖州药业) as the head of the financial department, before joining the Group as senior accountant in 2002. Ms. Wang graduated from the Inner Mongolia Coal Industrial School (内蒙古煤炭工业学校) in 1982 with a degree in Financial Accounting, and from the Inner Mongolia Broadcast and Television University (内蒙古广播电视大学) with a degree in Industrial Accounting in 1986. She was certified as a PRC Certified Tax Expert by the PRC Ministry of Finance, State Administration of Taxation in 2000 and as a PRC Certified Public Accountant by the Chinese Institute of Certified Public Accountants in 2004.

Mr. Ng Keong Khoon (“Mr. Ng”) is the Lead Independent Director of the Company. He was appointed to the Board on 1 June 2023 and was last re-elected on 28 July 2023. Currently, Mr. Ng is the Chief Financial Officer of World Precision Machinery Limited, a company listed on Mainboard of the Singapore Exchange Securities Trading Limited. He was an Audit Assistant with K.S. Chin & Co, an audit firm, from September 2001 to May 2002 before he joined K. C. Lau & Co in June 2002, progressing to the role of Audit Senior. Mr. Ng was with Baker Tilly TFWLCL from January 2005 to June 2008 where his last designation was Audit Assistant Manager. Mr. Ng graduated from TAR College Kuala Lumpur, Malaysia in 2001 with Advance Diploma in Commerce (Financial accounting) and also completed his Association of Chartered Certified Accountants examinations. Mr. Ng is a fellow member of The Association of Chartered Certified Accountants, UK, a member of Institute of Singapore Chartered Accountants and a member of Singapore Chartered Tax Professionals Limited.

Dr. Choo Kian Koon (“Dr. Choo”) is an Independent Director of the Company. He was appointed to the Board on 14 August 2006 and was last re-elected on 28 July 2021. Dr. Choo has over 40 years of experience in the property industry. He is currently the chairman of VestAsia Group Pte Ltd, a real estate advisory services company and independent director of Manulife US Real Estate Management Pte. Ltd. (Manager of Manulife US Real Estate Investment Trust). He is also an adjunct associate professor at the Department of Real Estate, National University of Singapore.

Dr. Choo was formerly the CEO of the Real Estate Developers’ Association of Singapore. Prior to that, he was the Senior Vice President at CapitaLand and CapitaLand Residential Limited, and was on the board of United Malayan Land Bhd, a real estate developer listed on Bursa Malaysia. Prior to joining the CapitaLand group of companies, Dr. Choo was the National Director and Head of Research and Consultancy at Jones Lang LaSalle Property Consultants Pte Ltd where he was the Asia Pacific Regional Head of Research. Before that, he was with Richard Ellis Property Consultants as the Director and the Head of Development and Consultancy. Dr. Choo was also previously a senior lecturer with the School of Building and Estate Management of the National University of Singapore.

Dr. Choo obtained a Doctorate in Urban Planning from the University of Washington with a Certificate of Achievement in Urban Design in 1988, a Master of Philosophy in Environmental Planning from the University of Nottingham in 1979, and a Bachelor of Science in Estate Management from the University of Singapore in 1974. He is a fellow of the Singapore Institute of Surveyors and Valuers and an affiliate member of the Singapore Institute of Planners.

BOARD OF DIRECTORS

Dr. Zheng Haibin (“Dr. Zheng”) is an Independent Director of the Company. He was appointed to the Board on 14 August 2006 and was last re-elected on 28 July 2021. He is presently the Director of CCH High-Tech Enterprise Ltd. and the Director of Shenzhen Scinfo Venture Capital Management Co., Ltd. He was also a visiting Assistant Professor at the University of Waterloo from 1989 to 1991. Dr. Zheng graduated from Copenhagen University with a Doctorate in Natural Science in 1987 and a Bachelor Degree from Zhongshan University in 1982.

Mr. Tan Kim Swee Bernard (“Mr. Tan”) is an Independent Director of the Company. He was appointed to the Board on 1 June 2024. Mr. Tan is the Managing Director and Founder of Quadrant Law LLC. He has been practising corporate and commercial law since 2001. With over 20 years of experience in the industry, his areas of practice include mergers and acquisitions, funds, securities and token offerings, corporate finance, corporate transactions, banking and private lending, exits from companies, employment, intellectual property, and commercial real estate and leases, licensing and compliance and sales of goods and services and distribution agreements. He regularly advises MNCs, listed companies, start-ups, SMEs and government agencies as well as international law firms. Mr. Tan graduated from the National University of Singapore in 2000 with a Bachelor of Laws (Honours) (LLB).

Mr. Chung Yiu Kwong Nixon (“Mr. Chung”) is an Independent Director of the Company. He was appointed to the Board on 1 June 2024. Mr. Chung is currently the Managing Director of Camloy International Ltd. since 2004, a professional hospitality and commercial real estate consulting and investment firm based in Hong Kong which specialises in hospitality, commercial mixed use and tourism real estate projects in China and Asia. Before founding his own company, Mr. Chung served Asian property developers and international hotel management companies including New World Development Co. Ltd., New World Hotels Intl., International Maritime Carriers and Marriott Inc. for over 20 years on world-class hotels and commercial real estate development projects in China and South East Asia.

Mr. Chung graduated from University of Dubuque Iowa with a MBA degree in 1990, obtained a Higher Diploma in Institutional Management and Catering Studies (now School of Hotel & Tourism Management, “**PolyU SHTM**”) from the Hong Kong Polytechnic University in 1983 and was the first recipient of the Outstanding Alumni Award of PolyU SHTM in 2002.

KEY MANAGEMENT PERSONNEL

Mr. Wang Yinjian (“Mr. Wang”) is the General Manager and Director of various principal subsidiaries of the Group. Mr. Wang is the Group’s Human Resources Manager, and is responsible for the Group’s human resource management. He joined Zhejiang Provincial Bureau of Materials Chemical and Light Industrial Company (浙江省物资局化工轻工总公司) in 1983 and rose to become Head of the Planning Department. In 1993, he became the Import and Export Manager of the same company for the next five years. Concurrently, he was also appointed as an Assistant General Manager of the China Chemical Construction Zhejiang Material Trading Company Ltd. (中国化工建设浙江物化有限公司). He then became Trading Manager of both Huzhou Jinquan Trading Co., Ltd. (湖州金泉贸易有限公司) as well as Huzhou Yiyuan Trading Co., Ltd. (湖州怡源有限公司), from 1998 to 2002. He subsequently joined Huzhou Longhai Biological Pharmaceutical Co. Ltd. (湖州龙海生物药业有限公司) as an Assistant General Manager before joining our Group in 2004. Mr. Wang graduated from Zhejiang University of Technology (浙江工业大学) in 1983 with a Bachelor degree in Inorganic Chemical Engineering. He was later conferred a Master of Business Administration degree by the Zhejiang Province Degree Committee (浙江省学位委员会) in 2000. Mr. Wang was also certified as an Economist by the Zhejiang Provincial Bureau of Materials (浙江省物资局) in 1991.

Mr. Ngai Ting Fung, Ian (“Mr. Ngai”) joined the Group as the Group Financial Controller and Company Secretary on 1 August 2018. He is responsible for the Group’s finance and accounting functions, and statutory compliance and corporate governance of the Group. Before joining the Group, he was working in Deloitte Touche Tohmatsu CPA LLP (Beijing Branch) from 2011 to 2015 and Deloitte & Touche Financial Advisory Services Limited (Shenzhen) from 2015 to 2018. Mr. Ngai is a member of the Hong Kong Institute of Certified Public Accountants. He obtained a Bachelor of Business Administration in Accounting and Finance from the University of Hong Kong.

None of our key management personnel are related to each other or to any of our Directors or substantial shareholders.

None of our key management personnel had been appointed pursuant to any arrangement or understanding with a substantial shareholder, customer or supplier.

REPORT ON CORPORATE GOVERNANCE

The Board of Directors (the “**Board**”) of Pan Hong Holdings Group Limited (the “**Company**”) is committed to maintaining high standards of corporate governance within the Company and its subsidiaries (collectively, the “**Group**”). The Board recognises that good corporate governance establishes and maintains a legal and ethical environment, which is essential for preserving and enhancing the interests of all stakeholders. This report describes the Group’s corporate governance framework and practices which were in place throughout the financial year ended 31 March 2024 (“**FY2024**”). The Board confirms that the Company had adhered to the principles and provisions of the Code of Corporate Governance 2018 (“**Code**”) and where applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (“**SGX-ST Listing Manual**”) and the Guidebook for Audit Committees in Singapore, focusing on areas such as internal controls, risk management, financial reporting, internal and external audits, where they are applicable, relevant and practicable to the Group. Where there is any deviation from any provision of the Code, an explanation has been provided in this report for the variation and how the practices adopted by the Group are consistent with the intent of the relevant principle. This report should be read in totality, rather than read separately under each principle of the Code.

BOARD MATTERS

PRINCIPLE 1: THE BOARD’S CONDUCT OF ITS AFFAIRS

The Board, in addition to its statutory responsibilities, is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. It sets the overall strategy, values and standards (including ethical standards) of the Group and has the duty to protect and enhance long-term shareholders’ value. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Group. It believes that when making decisions, all Directors of the Board discharge their duties and responsibilities at all times as fiduciaries and act objectively in the interests of the Company. To fulfil this role, the Board’s responsibilities include:

- (i) providing effective entrepreneurial leadership, guiding and setting strategic objectives and directions to ensure that the necessary financial and human resources are in place for the Group to achieve its objectives;
- (ii) reviewing the processes relating to risk management systems and adequacy and effectiveness of internal controls, including financial, operational, compliance and information controls identified by the Audit Committee (“**AC**”) that are required to be strengthened for assessment and its recommendations on actions to be taken to address and monitor the areas of concern;
- (iii) advising Management on major policy initiatives and significant issues and approving board policies, strategies and financial objectives of the Company;
- (iv) constructively challenge Management and reviewing the Group’s performance towards achieving adequate shareholders’ values, including but not limited to approving announcements relating to the financial results of the Group and the audited financial statements, and timely announcements of material transactions;
- (v) identifying key stakeholder groups and recognising that their perceptions affect the Group’s reputation;
- (vi) approving half yearly and annual budgets, key operational matters, major funding proposals, investment and divestment proposals, corporate or financial restructuring, material acquisitions and disposal of assets and interested person transactions (“**IPTs**”) of a material nature, dividend payment (if any) and convening of shareholders’ meetings, approving share buybacks (if any) and making decisions in the interests of the Group;
- (vii) approving all Board appointments or re-appointments/re-elections and appointments of Key Management Personnel (as defined in the Code) (“**Key Management Personnel**”);
- (viii) establishing and maintaining a framework of good corporate governance within the Group, including risk management systems and prudent, adequate and effective internal controls to safeguard shareholders’ interests and the Group’s assets;
- (ix) evaluating the performance and compensation of directors and Key Management Personnel; and
- (x) overseeing the proper conduct of the Company’s business and assuming responsibility for its corporate governance processes.

REPORT ON CORPORATE GOVERNANCE

The Board also considers sustainability issues such as environmental and social factors as part of its strategic formulation in line with the provisions of the Code.

Provision 1.1 – Director’s conflicts of interest

All Directors exercise due diligence and independent judgement in discharging their duties and responsibilities at all times as fiduciaries, act and make decisions objectively in the best interests of the Group.

All Directors are required to exercise due care and maintain the confidentiality of information entrusted to them by the Company and carry out their responsibilities in compliance with applicable laws, rules and regulations.

The Company has in place a code of best practices on securities transactions (“**Code of Conduct**”) that the Company’s Directors and its officers must not trade in its securities within the “closed” window period or deal with its securities on short-term considerations as well as while they are in possession of non-public materially price-sensitive or trade-sensitive information.

Directors facing conflicts of interest are required to recuse themselves from discussions and decisions involving the issues of conflict. They are also required to avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of the Group. Where a Director has a conflict of interest, or it appears that he/she might have a conflict of interest, in relation to any matter, he/she is required to send a written notice to the Company containing details of his/her interest and the conflict or to declare such interest at a meeting of the Directors (or in written resolutions to be passed), and recuse himself/herself from participating in any discussion and decision on the matter. Where relevant, the Directors have complied with such requirement, and such compliance is duly recorded in the minutes of meeting and/or Directors’ Resolutions in writing.

Provision 1.2 – Induction and training of Directors

The Directors have the opportunity to visit the Group’s operating facilities and meet with Management to gain a better understanding of the Group’s business operations and governance practices. Further, at the quarterly Board meetings, the Group Chief Executive Officer (“**CEO**”), the Executive Chairman and/or the Group Financial Controller provide(s) the Board with regular updates on the Group’s business performance and plans.

Newly appointed Directors, if any, will be provided with background information about the history, Group’s structure, business operations, vision and values, strategic direction, policies and governance practices. Directors who do not have prior experience or are not familiar with the duties and obligations required of a Director of a listed company in Singapore, will undergo the necessary trainings and briefings.

Mr. Ng Keong Khoon was appointed as an Independent Director of the Company on 1 June 2023. He attended the module Environment, Social and Governance Essentials in 2022 and had completed the remaining prescribed mandatory training as specified under Schedule 1 of Practice Note 2.3 of the Listing Manual on 13 October 2023.

Mr. Tan Kim Swee Bernard (“**Mr. Bernard Tan**”) and Mr. Chung Yiu Kwong Nixon (“**Mr. Nixon Chung**”) were appointed as Independent Directors of the Company on 1 June 2024. Mr. Bernard Tan is familiar with the duties and obligations required of a Director of a listed company in Singapore and currently sits on the board of another listed issuer on the SGX-ST. Mr. Nixon Chung has undertaken to attend the prescribed mandatory training as specified under Schedule 1 of Practice Note 2.3 of the Listing Manual within one year from the date of his appointment to the Board.

Save for Mr. Nixon Chung, all Directors of the Company have undergone training on sustainability matters as prescribed by the SGX-ST in accordance with Rule 720(7) of the SGX-ST Listing Manual.

To keep the Directors abreast of new laws, regulations, changing commercial risks and accounting standards, all Directors engage in constant dialogues with Management and professionals from time to time. The Board is updated on any amendments and requirements of the SGX-ST and other statutory and regulatory requirements which may have an important bearing on the Company and the Directors’ obligations to the Company from time to time, or during Board meetings by the Company Secretary(ies) and/or his/her representative(s).

The Directors may also join institutes and group associations of specific interests, and attend relevant courses, conferences, seminars, workshops, training programmes or informative talks at the Company’s expense from time to time, if required, to apprise themselves of legal, financial and other regulatory developments and to effectively discharge their duties as a Director.

REPORT ON CORPORATE GOVERNANCE

Provision 1.3 - Matters requiring Board's approval

The approval of the Board is required for any matters which is likely to have a material impact on the Group's operating units and/or financial positions as well as matters other than in the ordinary course of business. The matters reserved for the Board's decision and the types of material transactions that are likely to have a material impact on the Group's operating units and/or financial position as well as matters other than in the ordinary course of business, are as follows:-

- Half-year and full year financial results;
- The Group's Board policies, objectives and strategic plans including long-term strategic plans;
- The Group's annual operating plan, half-yearly and full year budget;
- Major funding proposals and corporate or financial restructuring;
- Share Buyback;
- Share Option or share schemes;
- Scrip Dividend Scheme;
- IPTs;
- Material financial loss/damage caused by disaster and/or loss of credibility arising from corporate scandals and other fraudulent activities pursuant to any reports received under the Whistle-Blowing Policy adopted by the Company, if any;
- Appointment of the CEO, proposed appointment to the Board of Directors and the Board committees and Board succession plan(s);
- Appointment of Key Management Personnel and succession planning as an on-going process;
- Appointment or removal of Secretary;
- Potential joint venture, merger, acquisition, divestment or other changes in the Group's assets;
- Declaration or omission of dividends or the determination of earnings;
- Firm evidence of significant improvement or deterioration in near-term earnings prospects;
- Subdivision of shares or stock dividends;
- Acquisition or loss of significant contract;
- Purchase or sale of a significant asset;
- Significant new product or discovery;
- Public or private sale of significant amount of additional securities of the Company;
- Management changes or changes in effective control of the Company;
- Call of securities for redemption;
- Provision or receipt of a significant amount of financial assistance;
- Occurrence of an event of default under debt or other securities or financing or sale agreements;
- Significant litigation;
- Significant change in capital investment plans e.g. building of factories, increasing plant and machinery and increasing production lines;
- Significant dispute(s) with customers or suppliers, or with any parties;
- Tender offer for another company's securities;
- Valuation of the Group's real assets that has a significant impact on the Group's financial position and/or performance;
- Involuntary striking-off of the Company's subsidiaries;
- Investigation on a Director or an Executive Officer of the Company;
- Loss of a major customer or a significant reduction of business with a major customer; and
- Major disruption to supply of critical goods or services.

REPORT ON CORPORATE GOVERNANCE

Provision 1.4 – Delegation by the Board

To facilitate effective management and assist the Board in executing its responsibilities and to enhance the Group's corporate governance framework, the Board delegates specific authority to three Board Committees which comprise the AC, the Nominating Committee (“**NC**”) and the Remuneration Committee (“**RC**”). Both the AC and RC comprise only Independent Directors whereas the NC is chaired by an Independent Director and a majority of the members are Independent Directors. These Committees function within clearly defined terms of reference and operating procedures which are reviewed on a regular basis to ensure their continued relevance. The effectiveness of each Board Committee is also constantly monitored.

The Board acknowledges that while each Board Committee is authorised to make decisions, execute actions or provide its recommendations in their specific areas respectively and will report back to the Board with their decisions and/or recommendations on particular issues, the ultimate responsibility for the decisions and actions lies with the Board. A summary of each committee's activities is disclosed respectively under provisions 4.1, 6.1 and 10.1 below.

The current composition and changes to the composition of the Board and the Board Committees during FY2024 are as follows:-

Name of Director		AC	RC	NC
Mr. Wong Sum	(Executive Chairman)	–	–	M
Ms. Wang Cuiping	(Executive Director and Group CEO)	–	–	–
Mr. Ng Keong Khoon ⁽¹⁾	(Lead Independent Director)	C	M	M
Dr. Choo Kian Koon	(Independent Director)	M	M	C
Dr. Zheng Haibin	(Independent Director)	M	C	–
Mr. Bernard Tan ⁽²⁾	(Independent Director)	–	–	–
Mr. Nixon Chung ⁽²⁾	(Independent Director)	–	–	–

C – Chairman

M – Member

- (1) Mr. Ng Keong Khoon was appointed as an Independent Director of the Company with effect from 1 June 2023. He was appointed as the Lead Independent Director of the Company, chairman of the AC and members of the NC and the RC in place of Mr. Sim Wee Leong who retired at the conclusion of the Company's annual general meeting held on 28 July 2023.
- (2) Mr. Bernard Tan and Mr. Nixon Chung were appointed as Independent Directors of the Company with effect from 1 June 2024.

Provision 1.5 – Board processes, including Directors' attendance at meetings

The Board meets on a quarterly basis to review, *inter alia*, the financial results and accounting policies and the Directors attend and actively participate in the Board and Board Committee meetings. Adhoc meetings will be held as and when required to address any significant issues that may arise in-between scheduled meetings. These meetings are scheduled in advance to facilitate the individual Director's planning in view of their ongoing commitments.

Where physical Board and Board Committees' meetings are not possible, timely communication with members of the Board or Board Committees can be achieved through electronic means and circulation of written resolutions for approval by the relevant Board and Board Committees' members. The Company's Bye-Laws provides for meetings to be held via telephone, electronic or other communication facilities which permit all persons participating in the meeting to communicate with each other simultaneously.

Directors may request further explanations, briefing or discussion on any aspect of the Group's operations or business from Management. When circumstances require, Board members exchange views outside the formal environment of Board meetings. The Board conducts an annual review of its processes to ensure that it is able to carry out its functions in the most effective manner.

REPORT ON CORPORATE GOVERNANCE

Details of Board and Board Committees' meetings and general meeting, i.e. annual general meeting ("AGM") held from 1 April 2023 to 31 March 2024 are summarised in the table below:

Name of Directors	General meeting				Board Committees' meetings					
	AGM		Board		AC		RC		NC	
	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended
Mr. Wong Sum	1	1	5	4	–	–	–	–	1	1
Ms. Wang Cuiping	1	0	5	5	–	–	–	–	–	–
Mr. Sim Wee Leong ⁽¹⁾	1	1	1	1	1	1	1	1	1	1
Mr. Ng Keong Khoon ⁽²⁾	1	1	5	5	4	4	1	1	1	1
Dr. Choo Kian Koon	1	1	5	5	4	4	1	1	1	1
Dr. Zheng Haibin	1	0	5	4	4	3	1	1	–	–
Mr. Bernard Tan Kim Swee ⁽³⁾	–	–	–	–	–	–	–	–	–	–
Mr. Chung Yiu Kwong Nixon ⁽³⁾	–	–	–	–	–	–	–	–	–	–

- (1) Mr. Sim Wee Leong retired as Lead Independent Director of the Company, chairman of the AC and members of the NC and the RC at the conclusion of the Company's annual general meeting held on 28 July 2023. His attendance at the meetings held during the aforementioned period was recorded until the date of his retirement.
- (2) Mr. Ng Keong Khoon was appointed as an Independent Director of the Company on 1 June 2023. Consequent to the retirement of Mr. Sim Wee Leong on 28 July 2023, Mr. Ng Keong Khoon was appointed as the Lead Independent Director of the Company, chairman of the AC and members of the RC and the NC. His attendance at the meetings held during the aforementioned period was recorded from the date of his appointment thereof.
- (3) Mr. Bernard Tan and Mr. Nixon Chung were appointed as Independent Directors of the Company on 1 June 2024 and hence, did not attend any of the meetings of the Company held from 1 April 2023 to 31 March 2024.

There was no special general meeting ("SGM") held during the period from 1 April 2023 to 31 March 2024.

Provision 1.6 – Complete, adequate and timely information

Management has an obligation to provide complete, adequate and timely information to the Board on Board affairs and issues that require the Board's decision prior to meetings and on an ongoing basis to enable them to make informed decisions and discharge their duties and responsibilities.

The Executive Directors and Management keep the Board informed of the Group's operations and performance through regular updates and reports as well as through informal discussions. Prior to any meetings of the Board or Board Committees, Directors are provided, where appropriate, with management information to enable them to participate at the meetings. Management also provides the Group's half yearly and full year budget and quarterly updates on the sale and status of the Group's properties, including industry updates, to enable the AC and Board to understand its business, the business and financial environment as well as the risks faced by the Company. Board and Board Committees' papers are sent to Directors at least three working days before such meetings so that the Directors may have a better understanding of the matters prior to the meeting and discussions may be focused on questions that the Directors may have on these matters.

The Executive Chairman, Group CEO and Management are normally present at Board and Board Committees' meetings to address any queries which the Board may have. Directors are also entitled to request from Management and be provided with additional timely information as needed in order for them to make informed decisions.

REPORT ON CORPORATE GOVERNANCE

Provision 1.7 – Independent access to Management, Company Secretaries and independent professional advice

Board members have separate and independent access to Management and the Company Secretaries. The Company Secretaries and/or their representative(s) attend all Board and Board Committees' meetings and provide secretarial support to the Board, ensuring that Board procedures and all other rules and regulations applicable to the Company are adhered to. The Company Secretaries also follow the direction of the Chairman of the Board to ensure that there is sufficient and pertinent information flow within the Board and its Board Committees and between Management and Non-Executive Directors. They also facilitate orientation and assist the Board to implement corporate governance practices and processes.

The appointment and/or change of the Company Secretaries are subject to approval by the Board.

Where decisions to be taken require expert opinion or specialised knowledge, the Directors, whether as a group or individually, may seek independent professional advice as and when necessary, in furtherance of their duties at the Company's expense. The appointment of such independent professional advisor is subject to approval by the Board.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

Provisions 2.1 and 4.4 – Directors' independence review

An "independent" Director is independent in conduct, character and judgement, and has no relationship with the Company, its related corporations, 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 in the best interests of the Company.

The Board, with the concurrence of the NC, had adopted a declaration of independence pursuant to provision 2.1 of the Code and Rule 210(5)(d) of the SGX-ST Listing Manual ("**Declaration of Independence**").

Provisions 2.2 and 2.3 – Composition of (i) Independent Directors and (ii) Non-Executive Directors on the Board

The Board currently comprises two Executive Directors and five Independent Directors, of which Mr. Bernard Tan and Mr. Nixon Chung were appointed as Independent Directors of the Company on 1 June 2024. As such, there is a strong and independent element on the Board, with Independent Directors making up a majority of the Board in accordance with provisions 2.2 and 2.3 of the Code during FY2024 and as at the date of this report.

Provision 2.4 – Composition of the Board and Board Committees, and Board Diversity Policy

The Company is committed to building a diverse, inclusive and collaborative culture. It recognises that a diverse Board of an appropriate size is an important element which will better pave the way for the Company to achieve its strategic objectives for sustainable development, avoid groupthink and foster constructive debate. A diverse Board also enhances the decision-making process through perspectives derived from differentiating skillsets, business experience, industry discipline, gender, age and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the Directors.

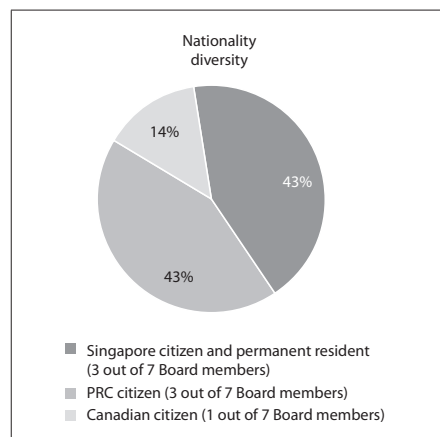
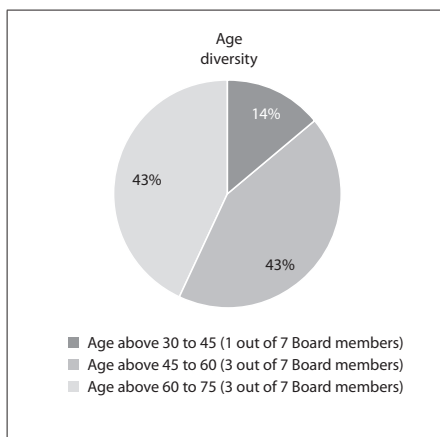
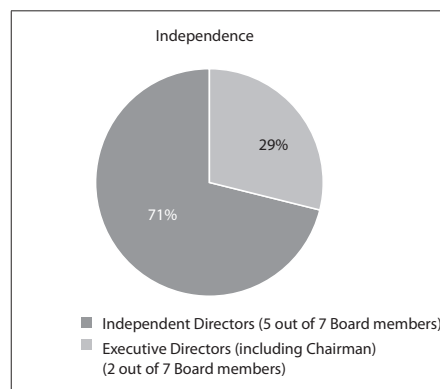
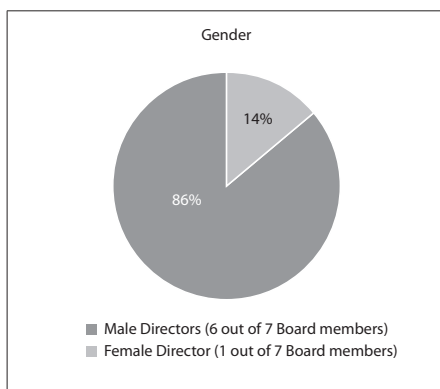
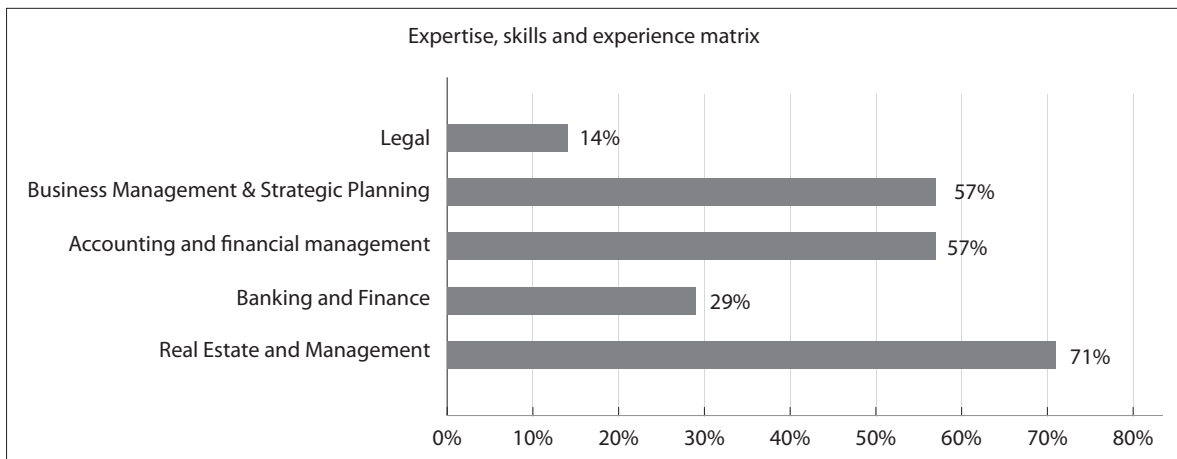
The size and composition of the Board is reviewed annually by the NC to ensure that the size of the Board is appropriate so as to facilitate effective decision making. The review will ensure that there is an appropriate mix of expertise and experience, which the Group may tap on for assistance in furthering its business objectives and shaping its business strategies.

Pursuant to provision 2.4 of the Code, the Board has adopted a Board Diversity Policy. Having regard to the guidelines in the Board Diversity Policy, the NC will, in reviewing the Board's composition, rotation and retirement of Directors and succession planning, take into account factors, including but not limited to gender, age, nationality, cultural background, educational background, experience, skills, knowledge, independence and length of service. These differentiating factors will be considered in determining the optimum composition of the Board and when possible will be balanced appropriately.

REPORT ON CORPORATE GOVERNANCE

Each Director has been appointed based on his or her strength, experience and stature. They are expected to bring a valuable range of experience and expertise, and contribute to the development of the Group's strategy and business performance. Together, the Board and Board Committees comprise Directors who as a group provide a broad range and an appropriate balance and diversity of expertise in areas such as accounting, finance, knowledge of the Company's business, legal, management and industrial experience, strategic planning experience and customer-based experience, knowledge, geographical background and nationality, age and gender as well as familiarity with regulatory requirements. The diversity of the Directors' experience allows for useful exchange of ideas and views.

In evaluating the diversity of the Board, the following Board Skills Matrix and diversity criteria as of the date of this report were noted:



REPORT ON CORPORATE GOVERNANCE

Key information regarding the Directors is set out in the “Board of Directors” section of the Annual Report.

Accordingly, the combination of skills, talents and experience of the Directors are sufficiently diversified to serve the needs and plans of the Group, and to ensure the effective oversight of the Group’s affairs. To ensure that the composition of the Board remains diverse, the Board aims to maintain a majority of its Board members to be made up of Independent Directors and to ensure that there is at least one female Director on the Board, at all times.

No individual or select group of individuals dominates the Board’s decision-making process as Independent Directors make up a majority of the Board.

Based on the current Board composition, the Company has met its independence and gender diversity targets as of the date of this report. Consequently, both Dr. Choo Kian Koon and Dr. Zheng Haibin, who were first appointed on 14 August 2006, will be retiring as Directors of the Company pursuant to Bye-Law 86(1) of the Bye-Laws of the Company at the conclusion of the forthcoming AGM to be held on 26 July 2024. Save for Dr. Choo Kian Koon and Dr. Zheng Haibin, no director has served on the Board beyond nine years.

Taking into account the nature and scope of the Group’s operations, the Board, with the concurrence of the NC, is of the opinion that its current board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies to lead and govern the Group effectively.

The current composition of the Board reflects its commitment to the relevant diversity in gender, age, skills and knowledge.

Should there be any proposed new appointment(s) of member(s) to the Board, new Director(s), if any, will continue to be selected based on the Board Diversity Policy as part of the process for appointment of new Directors. The NC will evaluate the suitability of the nominee or candidate based on his/her qualifications, business and related experience, commitment, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board before making its recommendations to the Board.

The NC will review the Board Diversity Policy from time to time as appropriate, to ensure the effectiveness of such policy. The NC will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

Any external search consultants, if required, engaged to assist the Board or the NC to search for candidates for appointment to the Board will be specifically directed to include candidates from diverse backgrounds and female candidates. The decision on the selection of Director(s) to be appointed on the Board will ultimately be based on merit, and candidates will be considered against objective criteria, having due regard for the benefits of diversity balanced with the needs of the Board.

Provision 2.5 – Role of Independent Directors

Independent Directors contribute to the Board process by monitoring and reviewing Management’s performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group’s business. When challenging Management’s proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and/or other complexities.

The Independent Directors, led by the Lead Independent Director, will meet every quarter without the presence of the other Directors and the Lead Independent Director will provide feedback to the Chairman after such meetings, if any, so as to facilitate effective discussion with the Chairman and between the Board on strategic issues and any other issues that may arise. The Independent Directors are also in frequent contact with one another outside the Board and Board Committees’ meetings and hold regular informal discussions amongst themselves. For FY2024, the Independent Directors have met periodically without the presence of other Directors and the feedback, if any, had been provided to the Chairman accordingly.

REPORT ON CORPORATE GOVERNANCE

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Provisions 3.1 and 3.2 – Chairman and CEO

The roles and responsibilities between the Chairman of the Board and the Group CEO of the Company are held by separate individuals to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. There is no one individual who has unfettered powers of decision-making.

The principal duties and responsibilities of Mr. Wong Sum, the Executive Chairman include:

- leading the Board to ensure its effectiveness on all aspects of its roles;
- scheduling meetings for the Board to discharge its duties, including setting the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- promoting a culture of openness and debate at the Board;
- coordinating activities of the Independent Directors and Non-Executive Directors and facilitate the effective contribution of Non-Executive Directors;
- exercising control over quality, quantity and timeliness of the flow of information between the management and the Board to ensure that the Directors receive complete, adequate and timely information;
- encouraging constructive relations within the Board and between the Board and Management;
- ensuring effective communication with shareholders and other stakeholders; and
- promoting high standards of corporate governance.

As Chairman of the Group, Mr. Wong Sum leads the Board and bears responsibility for the effectiveness on all aspects of its role and takes a leading role in the Group's drive to accomplish and maintain a high standard of corporate governance with the full support of the Directors, the Company Secretaries and Management. He approves the agendas for Board meetings, ensures sufficient allocation of time for thorough discussion of agenda items and promotes a culture of openness and debate at the Board level.

Ms. Wang Cuiping, the Executive Director and Group CEO, is responsible for the business strategy and directions, formulation and execution of overall business strategies and policies, including but not limited to, decision making and day-to-day running of the Group's operations and the overall management of the Group. She plays a key role in developing the Group's business and provides the Group with strong leadership and vision.

Mr. Wong Sum and Ms. Wang Cuiping do not have any familial relationship.

Provision 3.3 – Lead Independent Director

The Board is of the view that there are sufficient safeguards and checks in place to ensure that there is a good balance of power, accountability and capacity of the Board for independent decision-making. Mr. Ng Keong Khoon was appointed as the Lead Independent Director in place of Mr. Sim Wee Leong at the conclusion of the Company's annual general meeting held on 28 July 2023. The Lead Independent Director leads the Independent Directors to provide a non-executive perspective and to contribute a balanced viewpoint to the Board.

Mr. Sim Wee Leong or Mr. Ng Keong Khoon (as applicable during the relevant period), being one of the key contacts listed in the Group's Whistle-Blowing Policy, is also available to address the concerns, if any, of the Company's shareholders for which contact through the normal channels of the Chairman, the CEO or the Group Financial Controller has failed to resolve or is inappropriate.

REPORT ON CORPORATE GOVERNANCE

PRINCIPLE 4: BOARD MEMBERSHIP

Provision 4.1 and 4.2 – NC's duties and composition

The NC is regulated by a set of written terms of reference which are in line with the Code. The current composition of the NC, a majority of whom including the NC Chairman are Independent Directors, is as follows:-

Dr. Choo Kian Koon (Chairman)
Mr. Ng Keong Khoon
Mr. Wong Sum

Mr. Ng Keong Khoon, the Lead Independent Director, is a member of the NC. For more information on the changes to the composition of the NC during FY2024, please refer to provision 1.4 above.

The NC is responsible for, including but not limited to, the following key terms of reference:-

- (i) regularly and strategically reviewing the Board and Board Committees structure, size and composition (including the skills, gender, age, qualification, experience and diversity) and making recommendations to the Board with regard to any adjustments that are deemed necessary.
- (ii) identifying and nominating candidates to fill Board vacancies as they occur by considering candidates (i) from a wide range of backgrounds, (ii) their own merits and evaluate against objective criteria such as their experience, knowledge, gender, age and skills in relation to the needs of the Board (whether the candidate add diversity to the Board and are likely to have adequate time to discharge their duties), (iii) the composition and progressive renewal of the Board and Board Committees, and (iv) appoint an independent third party to source and screen candidates, if necessary. Before recommending an appointee to the Board, appointee will be requested by the NC to disclose any existing or expected future business interest that may lead to a conflict of interest.
- (iii) determining annually, on a discretionary basis, whether or not a director is independent, bearing in mind the circumstances set forth in the Code and any other salient factors.
- (iv) developing the performance evaluation framework for the Board, the Board Committees and individual Directors. The NC also proposes objective performance criteria for the Board, the Board Committee and individual Directors. It conducts the evaluations, analyses the findings and reports the results to the Board and recommending areas that need improvement. This process can be assisted by independent third party facilitators.
- (v) in respect of a director who has multiple board representations on various companies, deciding whether or not such director is able to and has been adequately carrying out his/her duties as a director, having regard to the competing time commitments that are faced when serving on multiple boards of listed companies and other principal commitments and recommending to the Board guidelines to address competing time commitments faced by Directors, if any, who serve on multiple boards.
- (vi) identifying and developing training programmes/schedules for the Board and assist with similar programmes for the Board Committees. The NC will ensure that all Board appointees undergo appropriate induction programmes.
- (vii) reviewing the succession plans for Board Chairman, Directors, CEO and Key Management Personnel of the Company.
- (viii) keeping up to date with developments in corporate governance initiatives, changes to relevant legislations, strategic issues and commercial changes that may affect the Company and the industry in which it operates.
- (ix) making recommendations to the Board on all Board appointments and re-appointments (including Alternate Directors, if applicable), or re-elections, having regard to the Director's competencies, commitments, contributions and performance.

REPORT ON CORPORATE GOVERNANCE

The principal activities of the NC during FY2024 are summarised below:

- a. reviewed the findings of the evaluations of the AC, the NC, the RC, the Board and peer assessment of the individual Directors and evaluation of the Chairman;
- b. reviewed the proposed appointment of Independent Directors of the Company;
- c. reviewed and recommended to the Board the nomination of Directors for re-election at the AGM;
- d. noted the retirement of Director(s) at the conclusion of the AGM;
- e. reviewed other directorships and principal commitments held by each Director and decided whether a Director is able to carry out, and has been adequately carrying out, his/her duties as a Director;
- f. reviewed the size and composition of the Board and each Board Committee, changes in the Board members and succession plans;
- g. reviewed and assessed the independence of each Independent Director;
- h. reviewed and assessed the independence of each Independent Director who has served on the Board beyond nine years from the date of their first appointment; and
- i. reviewed the Company's targets on diversity of its Board, accompanying plans and timelines for such targets in accordance with Rule 710A of the SGX-ST Listing Manual.

Provision 4.1(a) – Succession Planning

The NC regards succession planning as a vital part of corporate governance and places strong emphasis on its recommendations to the Board on relevant matters relating to succession plans for the Board, Key Management Personnel and other senior members of Management.

In reviewing succession plans, the NC considers the Group's strategic priorities and the factors affecting the long-term success of the Group.

In relation to succession plans for Directors, the NC aims to maintain an optimal Board composition by considering the trends affecting the Group, reviewing the skills required, and identifying gaps (including considering whether there is an appropriate level of diversity of thought). In relation to succession plans for Key Management Personnel, the NC takes an active interest in how key talent is managed within the Group and reviews the mechanisms for identifying strong candidates and developing them to take on senior positions in the future.

The NC also considers different time horizons for succession planning as follows: (1) long-term planning, to identify competencies required for the Group's strategy and objectives, (2) medium-term planning, for the orderly replacement of Board members and Key Management Personnel, and (3) contingency planning, for preparedness against sudden and unforeseen changes.

Provision 4.3 – Process for selection and appointment of new Directors

The NC has in place a process for selection and appointment of new Directors. In selecting potential new Directors, the NC will seek to identify the competencies and expertise required to enable the Board to fulfil its responsibilities. The NC will evaluate the suitability of the nominee or candidate based on his/her qualifications, business and related experience, commitment, ability to contribute to the Board process and such other qualities and attributes that may be required by the Board before making its recommendations to the Board.

The NC and the Board will also take into consideration whether a Director had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators. The NC and the Board will also assess whether a Director's resignation from the board of any such company casts any doubt on the director's qualification and ability to act as a Director of the Group.

REPORT ON CORPORATE GOVERNANCE

Newly appointed Directors will be provided with background information about the history, the Group's structure, business operations, vision and values, strategic direction, policies and governance practices. They will also be briefed and given an orientation by the Management to familiarise themselves with the businesses and operations of the Group. Directors who do not have prior experience or are not familiar with the duties and obligations required of a Director of a listed company in Singapore, will undergo the necessary training and briefing.

Provision 4.3 – Process for re-election / re-appointment of Directors

Re-election of Directors

In accordance with the provisions of the Company's Bye-Laws, all Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years and newly appointed Directors will submit themselves for re-nomination and re-election at the next AGM following their appointment.

The NC, having considered the attendance and participation of the following Directors at Board and Board Committees' meetings, in particular, their contributions to the business and operations of the Company as well as Board processes, had recommended to the Board the re-elections of the following Directors at the forthcoming AGM for FY2024:

- (1) Ms. Wang Cuiping who will be retiring pursuant to Bye-Law 86(1) of the Company's Bye-Laws;
- (2) Mr. Bernard Tan who will be retiring pursuant to Bye-Law 85(6) of the Company's Bye-Laws

Mr. Bernard Tan will, upon re-election as Director of the Company, be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

- (3) Mr. Nixon Chung who will be retiring pursuant to Bye-Law 85(6) of the Company's Bye-Laws.

Mr. Nixon Chung will, upon re-election as Director of the Company, be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Ms. Wang Cuiping, Mr. Bernard Tan and Mr. Nixon Chung had consented to continue in office and the Board had accepted the recommendation of the NC. The Directors concerned had abstained from deliberation and voting on any resolution and making any recommendation and/or participate in respect of their own re-election at the respective NC and Board meetings.

The requirements under Rule 720(6) of the SGX-ST Listing Manual are set out in the Annual Report from pages 126 to 129.

Provision 4.4 – Review of Directors' independence

The NC, which is responsible for reviewing the independence of each Director on an annual basis, has adopted the Declaration of Independence. The NC requires each Independent Director to assess his own independence by completing the Declaration of Independence and state whether he considers himself independent despite having any of the Directorships identified in the Code which would deem him not to be independent, if any.

For FY2024, the NC had reviewed the independence of the Independent Directors by considering the Declaration of Independence submitted by the Independent Directors, and determined Dr. Choo Kian Koon, Dr. Zheng Haibin and Mr. Ng Keong Khoon to be independent and free from any of the relationships outlined in the Code and Rule 210(5)(d) of the SGX-ST Listing Manual. The Directors had also confirmed their own independence. The Board concurred with the NC's views.

REPORT ON CORPORATE GOVERNANCE

Dr. Choo Kian Koon and Dr. Zheng Haibin had served on the Board beyond nine years from the date of their first appointment. In addition to the Declaration of Independence submitted by Dr. Choo Kian Koon and Dr. Zheng Haibin, the NC had conducted a rigorous review of their independence and contributions to the Board to determine if they still remain independent and carry out their duties objectively, taking into account the need for progressive refreshing of the Board. The review included but was not limited to the completion of a questionnaire of their independence with a mixture of close-ended and open-ended questions in respect of whether there are any conflicts of interest or relationship that is/are likely to affect their independence; whether they continue to express their views objectively and seek clarification and amplification when deemed necessary; whether they continue to debate issues objectively; whether they continue to scrutinise and challenge Management on important issues raised at meetings and whether they are able to bring judgement to bear in the discharge of his duties as a Board member and committee member. The questionnaire was completed by each of the Director concerned.

The Board had also observed the performance of Dr. Choo Kian Koon and Dr. Zheng Haibin at Board meetings and other occasions and has no reasons to doubt their independence in the course of discharging their duties as directors. Hence, the Board concurred with the NC's view that they are independent in character and judgement despite having been on the Board for more than nine years. Dr. Choo Kian Koon and Dr. Zheng Haibin regularly expressed their individual viewpoints, debated issues and objectively scrutinised and challenged the Management. They have also on various occasions, taken the initiative to seek clarification and amplification as they deemed required.

The Board concurred with the NC's view that they are independent in character and judgement, there were no circumstances which would likely affect or appear to affect their judgement and that they are free from any relationships outlined in the Code. The Board acknowledges their combined strength of characters, objectivity and wealth of useful and relevant experience bring themselves to continue effectively as Independent Directors. The Board also acknowledges and recognises the benefits of the experience and stability brought by these long-serving Independent Directors.

Each of the Independent Directors had recused themselves from the NC's and the Board's deliberations on their own independence.

Retirement of Directors

Rule 210(5)(d)(iii) of the SGX-ST Listing Manual which was effective 1 January 2022 and prior to the deletion of this sub-rule with effect from 11 January 2023, provides that a director will not be independent if he has been a director for an aggregate period of more than nine 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) all shareholders, excluding shareholders who also serve as the directors or the chief executive officer of the issuer, and associates of such directors and chief executive officer ("**Two-Tiered Voting**"). The Company had sought and obtained approvals from shareholders under the Two-Tiered Voting at the AGM of the Company for the financial year ended 31 March 2021 which was held 28 July 2021, for the continued appointment of Mr. Sim Wee Leong, Dr. Choo Kian Koon and Dr. Zheng Haibin and such approvals will remain valid until the earlier of (i) the retirement/resignation of the Director; or (ii) the conclusion of third AGM from such approvals (i.e. in this case, by the AGM for FY2024 of the Company).

The Board is cognisant that Rule 210(5)(d)(iv) of the SGX-ST Listing Manual which takes effect for the Company's AGM for FY2024 provides that a director will not be independent if he has been a director of the issuer for an aggregate period of more than nine (9) years (whether before or after listing).

REPORT ON CORPORATE GOVERNANCE

In conjunction with the progressive renewal and succession planning of the Board, the NC and the Board had reviewed the composition of the Board and its committees:

- Mr. Ng Keong Khoon was appointed as an Independent Director of the Company with effect from 1 June 2023. Consequently, he was appointed as the Lead Independent Director of the Company, chairman of the AC and members of the RC and NC in place of Mr. Sim Wee Leong who did not seek re-election and retired as a Director of the Company pursuant to Bye-Law 86(1) of the Bye-Laws of the Company at the conclusion of the AGM held on 28 July 2023.
- Dr. Choo Kian Koon and Dr. Zheng Haibin expressed that they will not be seeking re-election at the forthcoming AGM. Accordingly, (i) Dr. Choo Kian Koon shall retire as Independent Director of the Company, chairman of the NC and members of the AC and the RC; and (ii) Dr. Zheng Haibin shall retire as Independent Director of the Company, chairman of the RC and a member of the AC, at the conclusion of the forthcoming AGM.
- Concurrently upon the conclusion of the forthcoming AGM, the Board committees shall be reconstituted as follows:
 - (a) Mr. Nixon Chung, an incumbent Independent Director of the Company, shall be appointed as the chairman of the RC and a member of the AC.
 - (b) Mr. Bernard Tan, an incumbent Independent Director of the Company, shall be appointed as chairman of the NC and members of the AC and the RC.

Consequent to the aforesaid changes and upon the conclusion of the upcoming AGM, the Board and its Board committees shall be as follows:

Board of Directors	Designation	AC	NC	RC
Wong Sum	Executive Chairman	–	Member	–
Wang Cuiping	Executive Director and Chief Executive Officer	–	–	–
Ng Keong Khoon	Lead Independent Director	Chairman	Member	Member
Bernard Tan	Independent Director	Member	Chairman	Member
Nixon Chung	Independent Director	Member	–	Chairman

Provision 4.5 – Directors’ time commitment and multiple Directorships

Pursuant to the NC’s Terms of Reference, the NC is required to determine if a Director has been adequately carrying out his duties as a Director of the Company, particularly if he has multiple Board representations in listed company and other principal commitments. In view of this, the NC, having considered the confirmations received by the Non-Executive Directors, is of the view that such multiple board representations (where applicable) do not hinder each Independent Director from carrying out his duties as a Director of the Company. The NC is satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Company. The Board concurred with the NC’s views.

In determining whether each Director is able to devote sufficient time to discharge his duty, the NC has taken cognisance of the Code’s requirement, but is of the view that its assessment should not be restricted to the number of board representations of each Director and his respective principal commitments per se. The contributions by Directors to and during meetings of the Board and Board Committees as well as their attendance at such meetings, in addition to each of their principal commitments, should also be taken into account. As such, no maximum number of listed company board representations was fixed. The NC and the Board will review the number of listed company board representations of the Directors on an annual basis or from time to time when the need arises.

REPORT ON CORPORATE GOVERNANCE

Directorships / chairmanships held by the current Company's Directors in other listed companies are as follows:-

⁽¹⁾ Name of Director	Position	Date of Initial Appointment	Date of Last Re-election	Directorships in other listed companies	
				Current	Past 3 Years
Mr. Wong Sum	Executive Chairman	31 March 2020	28 July 2023	Nil	Nil
Ms. Wang Cuiping	Executive Director and Group CEO	14 August 2006	28 July 2021	Nil	Nil
Dr. Choo Kian Koon	Independent Director	14 August 2006	28 July 2021	Manulife US Real Estate Management Pte. Ltd. (Manager of Manulife US Real Estate Investment Trust)	Nil
Dr. Zheng Haibin	Independent Director	14 August 2006	28 July 2021	Nil	Nil
Mr. Ng Keong Khoon	Lead Independent Director	1 June 2023	28 July 2023	Nil	Nil
Mr. Bernard Tan	Independent Director	1 June 2024	–	Revez Corporation Ltd.	Nil
Mr. Nixon Chung	Independent Director	1 June 2024	–	Nil	Nil

(1) The principal commitment of the Directors, if any, and other key information regarding the Directors are set out in the “Board of Directors” section in this Annual Report.

PRINCIPLE 5: BOARD PERFORMANCE

Provisions 5.1 and 5.2 – Assessments of the Board, Board Committees and individual Directors

The Board has implemented a process for assessing its effectiveness as a whole as well as the contribution by each Director to the Board, and of each of its Board Committee separately on an annual basis.

The NC reviews the criteria for evaluating the Board's performance and recommends to the Board a set of objective performance criteria focusing on enhancing long-term shareholders' value. Based on the recommendations of the NC, the Board has established processes for evaluating the effectiveness of the Board as a whole and peer-assessment of each individual director, the Chairman and its Board Committees to the effectiveness of the Board.

An evaluation of Board performance is conducted annually by the NC and each Director is required to complete a questionnaire approved by the Board, the performance criteria of which is as follows:

- Size and composition of the Board;
- Information to the Board;
- Board procedures;
- Board accountability;
- Matters concerning the CEO/Management; and
- Standard of conduct.

REPORT ON CORPORATE GOVERNANCE

For FY2024, the NC has conducted the assessments on the effectiveness of the Board as a whole, peer-assessment of each individual Directors and assessment of the Chairman. The Chairman of respective Board Committees are also required to complete a questionnaire on the effectiveness of these Board Committees, which would be tabled at the NC for further discussion.

The peer assessment of individual Directors and assessment of the Chairman will be conducted annually and each of the Director is required to complete a questionnaire approved by the Board to assess the Directors (other than the Director concerned) and the Chairman, the performance criteria of which is as follows:

- Director's Duties;
- Leadership;
- Communication Skills and Behaviour;
- Strategy and Risk Management;
- Board Contribution;
- Knowledge;
- Interaction; and
- Overall Assessment of Performance as Director.

The results of the (i) Board performance evaluation; and (ii) peer assessment of the individual Directors and assessment of the Chairman, were collated by the corporate services provider of the Company and the findings analysed with comparatives from the previous year's results and discussed at the NC meeting, with a view to implementing certain recommendations to further enhance the effectiveness of the Board and the Board Committees.

The NC was generally satisfied with the Board performance for FY2024 which indicated areas of strengths and those that could be improved further. No significant problems were identified. The NC had discussed the results with Board members who agreed to work on those areas that could be improved further. The NC will continue to evaluate its process for such review and its effectiveness from time to time.

To-date, no external facilitator has been engaged.

REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Provisions 6.1 and 6.2 – RC's duties and composition

The RC is regulated by a set of written terms of reference which are in line with the Code. The current composition of the RC, comprising all Independent Directors, is as follows:-

Dr. Zheng Haibin (Chairman)
Dr. Choo Kian Koon
Mr. Ng Keong Khoon

For more information on the changes to the composition of the RC during FY2024, please refer to provision 1.4 above.

The RC is responsible, including but not limited to, the following key terms of reference:

- (i) taking into account all relevant legal and regulatory requirements, including the principles and provisions of the Code, when determining the Company's remuneration policies. In doing so, it should also consider the Company's risk appetite and ensure that the policies are aligned to long-term goals.
- (ii) ensuring that 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.
- (iii) setting the remuneration policy for Directors (both Executive Directors and Non-Executive Directors ("NEDs")) and Key Management Personnel. The Board should recommend proposed NEDs fees for shareholders' approval.

REPORT ON CORPORATE GOVERNANCE

- (iv) monitoring the level and structure of remuneration for Key Management Personnel relative to the internal and external peers and competitors.
- (v) ensuring that the remuneration of the NEDs is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities.
- (vi) reviewing the remuneration of employees related to the Directors, CEO or substantial shareholders, if any, to ensure that their remuneration packages are in line with staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotion for these related employees will also be subject to the review and approval of the RC.
- (vii) obtaining reliable, up-to-date information on the remuneration practices of other companies and the relevant market benchmarks through the appointment of external consultants. Such information can also be obtained by commissioning or purchasing any appropriate reports, surveys or information. These will be at the expense of the Company, subject to the budgetary constraints imposed by the Board.
- (viii) overseeing any major changes in employee benefits or remuneration structures.
- (ix) reviewing the design of all long-term and short-term incentive plans for approval by the Board and shareholders.
- (x) ensuring that the contractual terms and any termination payments are fair to the individual and the Company. Poor performance should not be rewarded.
- (xi) setting performance measures and determine targets for any performance-related pay schemes operated by the Company.

Summary of the RC's activities in FY2024

The principal activities of the RC during FY2024 are summarised below:

- a. reviewed and recommended to the Board the remuneration of Executive Directors, Key Management Personnel and employees who are related to the Group CEO (if any), including reviewing the terms of the Service Agreements that were due for renewal (if any);
- b. reviewed and recommended to the Board the Directors' fees;
- c. received the report on the summary of share buybacks, if any; and
- d. reviewed and considered the feasibility of implementing share option or long-term incentive scheme.

Provisions 6.3 and 6.4 – Remuneration framework and engagement of remuneration consultants, if any

The RC's recommendations were made in consultation with the Chairman of the Board and none of the members of the RC or any Director was involved in deliberations in respect of any remuneration, compensation, share-based incentives or any form of benefits to be granted to him/her.

Ms. Wang Cuiping (Executive Director and Group CEO) had entered into a service agreement with the Company which was renewed upon expiry and thereafter automatically continue from year to year unless terminated by a notice in writing of not less than 3 months served by either party on the other.

The Company does not have any contractual provision which allows the Company to reclaim incentive components of remuneration from Executive Directors and/or Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company as such provisions will stifle the Company's ability to effectively attract and retain the right individuals. The RC will review the Company's obligations arising in the event of termination of the Executive Directors' and Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC also aims to be fair and avoid rewarding poor performance.

REPORT ON CORPORATE GOVERNANCE

For FY2024, there were no termination, retirement and post-employment benefits granted to Directors and the Key Management Personnel (who are not Directors or the Group CEO).

The Company did not appoint any remuneration consultant. If required, the RC will seek expert's advice inside and/or outside the Company on remuneration of all Directors and Key Management Personnel.

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

PRINCIPLE 8: DISCLOSURE OF REMUNERATION

Provisions 7.1 to 7.3 and provision 8.3 – Level and mix of remuneration

The remuneration packages are set such that the Directors are adequately but not excessively remunerated compared to other comparable companies in the industry in view of present market conditions and which takes into account the individual's and the Company's performance.

Framework for remuneration of Executive Directors and other Key Management Personnel

The remuneration framework for the Executive Directors, staff related to Directors (if any) and other Key Management Personnel seeks to ensure that the Group is able to attract, motivate and retain employees to deliver long-term shareholder returns taking into consideration risk management principles and standards set out in the Code. The following shows the three main thrusts of the Group's remuneration strategy and how they are implemented within the Group:

Main thrusts	Details
Pay for performance	<ul style="list-style-type: none"> • Instill and drive a pay-for-performance culture • Ensure close linkage between total compensation and annual and long-term business objectives • Calibrate mix of fixed and variable pay to drive sustainable performance that is aligned to the Group's values, taking into account qualitative and quantitative factors
Competitive market pay	<ul style="list-style-type: none"> • Benchmarking total compensation against other organisations of similar size and standing in the markets that the Group operates in
Guarding against excessive risk-taking	<ul style="list-style-type: none"> • Focus on achieving risk-adjusted returns that are consistent with prudent risk and capital management as well as emphasis on long-term sustainable outcomes • Design payout structure to align incentive payments with the long-term performance of the Group, for instance, certain components of the incentive payments will be paid over the course of a specified period of time, and providing for clawback arrangements in the service contract of the relevant personnel

The remuneration packages of the Executive Directors and other Key Management Personnel consist of fixed and variable wage components. The fixed component consists of a basic salary and annual wage supplement. To ensure that the remuneration packages of Executive Directors and Key Management Personnel are consistent and comparable with market practice, the RC regularly compares this fixed component with those of companies in similar industries, while continuing to be mindful of the fact that there is a general correlation between increased remuneration and incentives, and improvement in performance.

The variable component comprises a variable bonus based on the Group's and individual's performance. To link rewards to performance, the percentage of the variable component against total remuneration is based on performance of the Group, such as pre-sale targets and gross profit margin. A comprehensive and structured assessment of the performance of Key Management Personnel is undertaken each year. Bonuses payable to Key Management Personnel are reviewed by the RC and approved by the Board to ensure the alignment of their interests with those of Shareholders.

REPORT ON CORPORATE GOVERNANCE

Remuneration of Independent Directors

Each of the Independent Directors receives fixed Director's fees which are reviewed by the RC to ensure commensuration with the contributions, responsibilities and time spent by such individuals. Such fees are paid subject to Shareholders' approval being obtained at the Company's AGM. The Independent Directors are not over-compensated to the extent that their independence is compromised.

The RC had considered the feasibility of implementing share option or long-term incentive scheme and was of the view that it is not value-add to the Group at this juncture in view of the long low liquidity in the trading of the Company's shares. The RC will review the feasibility of implementing share option or long-term incentive scheme annually.

Provisions 8.1 and 8.2 – Directors' remuneration/fees and remuneration of the Group CEO and remuneration of the top five key management personnel (who are not Directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these Key Management Personnel

An annual review of the remuneration packages of all Directors was carried out by the RC to ensure that the remuneration of the Directors and Key Management Personnel commensurate with their performance, giving due consideration to the financial and commercial health and business needs of the Group. For FY2024, the RC is satisfied with the Executive Directors and Key Management Personnel's remuneration packages and recommended the same for Board approval. The Board had approved the recommendations accordingly.

The RC, with the concurrence of the Board, is of the view that the current remuneration of the Independent Directors is appropriate to the level of contribution, taking into account factors such as efforts and time spent, and responsibilities of the Directors. Other than Directors' fees, which have to be approved by shareholders at every AGM, the Independent Directors do not receive any other forms of remuneration from the Company.

The RC had recommended to the Board an amount of S\$129,200 as Directors' fees for the FY2025, payable quarterly in arrears. These recommendations have been endorsed by the Board and will be tabled at the forthcoming AGM for shareholders' approval.

No Director is involved in deciding his or her own remuneration.

Directors and Group CEO

A breakdown of the level and mix of the remuneration of the Directors and the Group CEO for FY2024 is as follows:-

Name of director/CEO	Fees S\$'000	(a) Fixed	(b) Variable	Benefits in	Other	Total
		Component	Component	Kind	Long-term	
		%	%	%	Incentives	%
S\$250,000 and below						
Mr. Wong Sum	–	97	–	3	–	100
Ms. Wang Cuiping	–	86	–	14	–	100
Mr. Sim Wee Leong ^(c)	18.15	–	–	–	–	100
Dr. Choo Kian Koon	48.40	–	–	–	–	100
Dr. Zheng Haibin	24.20	–	–	–	–	100
Mr. Ng Keong Khoon ^(d)	41.67	–	–	–	–	100

Notes:

- Fixed Component refers to base salary and Annual Wage Supplement, if applicable, for FY2024.
- Variable Component refers to variable or performance related bonus paid in FY2024.
- Mr. Sim Wee Leong retired as Lead Independent Director of the Company on 28 July 2023 at the conclusion of the Annual General Meeting.
- Mr. Ng Keong Khoon was appointed as an Independent Director on 1 June 2023.

REPORT ON CORPORATE GOVERNANCE

Key Management Personnel

Notwithstanding Provision 8.1(b) of the Code, as there are only 2 Key Management Personnels of the Group during the financial year ended 31 March 2024, disclosure was only made in respect of the remuneration of these 2 Key Management Personnels of the Group.

A breakdown of the level and mix of the remuneration of each of the Key Management Personnels for FY2024 is as follows:-

Name of key management personnel	^(a) Fixed Component	^(b) Variable Component	Benefits in Kind	Other Long-term Incentives	Total
	%	%	%	%	%
S\$250,000 and below					
Mr. Wang Yinjian	100	–	–	–	100
Mr. Ngai Ting Fung Ian	98	–	2	–	100

(a) Fixed Component refers to base salary and Annual Wage Supplement, if applicable, for FY2024.

(b) Variable Component refers to variable or performance related bonus paid in FY2024.

As there were only top 2 Key Management Personnels for FY2024, the Company is unable to disclose the aggregate remuneration paid to the top 2 Key Management Personnel due to the confidentiality and commercial sensitivity attached to remuneration matters.

Due to the confidentiality and commercial sensitivity attached to remuneration matters, in particular those of our Key Management Personnels, given the highly competitive environment the Group operates in, the Company does not fully disclose the remuneration of each Executive Director. However, the disclosures had been provided in applicable bands of S\$250,000 as above, with a breakdown in percentage of the remuneration earned through fees, fixed component, variable component, benefits in kind, and/or other long-term incentives. Despite having varied from Provisions 8.1(a) and 8.1(b) of the Code, the Board believes that consistent with the intent of Principle 8 of the Code, sufficient information has been disclosed for shareholders' understanding with respect to the Group's level and mix of remuneration.

For FY2024, there are no employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000.

ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

Provision 9.1 – Maintenance of a sound risk management system and internal controls

The Board acknowledges that it is responsible for the overall internal control framework and maintaining a sound system of internal controls to safeguard the shareholders' investments and the Group's assets.

The Group's control environment provides the foundation upon which all other components of internal controls are built upon. It provides discipline and structure, setting the tone of the organisation and influencing the control consciousness of its staff. A weak control environment foundation hampers the effectiveness of even the best designed internal control procedure.

The Company does not have a Risk Management Committee. However, Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC.

REPORT ON CORPORATE GOVERNANCE

The AC, with the assistance of the Internal Auditor (“IA”), reviews the adequacy and effectiveness of the Group’s internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems established by the Management on an annual basis.

The IA and external auditors (“EA”) have, during the course of their audit, carried out a review of the adequacy and effectiveness of key internal controls within the scope of their audit. Material non-compliance and internal control weaknesses noted, if any, during their respective audits and their recommendations are reported to the AC. In the review work performed by both the IA and the EA for FY2024, no exceptions were noted. The AC will review the IA’s comments and findings and ensure that there are adequate and effective internal controls in the Group and follow up actions are implemented.

Provision 9.1 – Risks relating to Sanctions Law

The Board confirms that as at the date of this annual report, insofar as it is aware and based on Management’s confirmation, the Group is not at risk of becoming subject to, or violating, any sanctions-related law or regulation. The AC and the Board will assess the need to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the Group and continuous monitoring the validity of the information to shareholders and the SGX-ST, if required.

Provision 9.2 - Written assurance regarding (i) financial records and financial statements and (ii) adequacy and effectiveness of the Group’s risk management and internal control systems

The Board has received written assurance from the Group CEO and the Group Financial Controller that as at 31 March 2024:-

- (a) nothing has come to their attention which would render the financial statements to be false or misleading in any material aspects;
- (b) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Group’s operations and finances;
- (c) the Group’s internal controls, including financial, operational, compliance and information technology controls, and risk management systems (“**Internal Control and Risk Management Systems**”) are adequate and effective in addressing the material risks in the Group’s current business environment; and
- (d) there are no known significant deficiencies or lapses in the Internal Control and Risk Management Systems which could adversely affect the Group’s ability to record, process, summarise or report financial data, or any fraud that involves Management or other employees who have a significant role in the Internal Control and Risk Management Systems.

The Board has also received written assurance from other Key Management Personnel having authority and responsibility for planning, directing and controlling the activities of the Group that:-

- (a) the Internal Control and Risk Management Systems are adequate and effective in addressing the material risks in the Group’s current business environment; and
- (b) there are no known significant deficiencies or lapses in the Internal Control and Risk Management Systems which could adversely affect the Group’s ability to record, process, summarise or report financial data, or any fraud that involves Management or other employees who have a significant role in the Internal Control and Risk Management Systems.

The Board provides shareholders with a detailed, balanced and understandable explanation and analysis of the Company’s performance of its financial results on a half-yearly basis and other price sensitive reports within the timeline as stipulated in the SGX-ST Listing Manual. All the financial information presented in the results announcement or Annual Report have been prepared in accordance with the International Financial Reporting Standards and approved by the Board before the release to the SGX-ST and the public via SGXNET.

The Board would take adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the listing rules of the SGX-ST and where appropriate and required, by establishing written policies.

REPORT ON CORPORATE GOVERNANCE

In line with SGX-ST listing requirements, negative assurance statements were issued by the Board to accompany its half-yearly financial results announcements, confirming to the best of its knowledge that, nothing had come to its attention which would render the Company's half-yearly results to be false or misleading in any material aspect. The Company is not required to issue negative assurance statements for its full year results announcement.

The Company has also procured undertakings from all Directors and Executive Officers in compliance with Rule 720(1) of the SGX-ST Listing Manual.

Rule 1207(10) of the SGX-ST Listing Manual

Based on the reviews conducted by Management and the IA throughout the financial year, the statutory audit conducted by the EA, as well as the assurances pursuant to provision 9.2 of the Code received from (i) the Group CEO and the Group Financial Controller and (ii) other Key Management Personnel, the Board, with the concurrence of the AC, is of opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems were adequate and effective as at 31 March 2024 to meet the needs of the Group, taking into account the nature and scope of its operations.

The Board notes that the Internal Control and Risk Management Systems currently in place provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledges that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, losses, fraud or other irregularities.

PRINCIPLE 10: AUDIT COMMITTEE

Provisions 10.1 to 10.3 and 10.5 – Duties and composition of the AC

The AC is regulated by a set of written terms of reference which are in line with the Code. The current composition of the AC, comprising all Independent Directors, is as follows:-

Mr. Ng Keong Khoon (Chairman)
Dr. Choo Kian Koon
Dr. Zheng Haibin

For more information on the changes to the composition of the AC during FY2024, please refer to provision 1.4 above.

The Board is of the view that all AC members are appropriately qualified, having the necessary recent and relevant accounting and/or related financial management expertise or experience as the Board interprets such qualification in its business judgement, to discharge their responsibilities. None of the members nor the AC Chairman were former partners or Directors of the Group's existing auditing firms, Messrs BDO Limited, Certified Public Accountants, Hong Kong ("**BDO-HK**") and Messrs BDO LLP, Public Accountants and Chartered Accountants, Singapore ("**BDO-SG**"), within a period of two years commencing on the date of their ceasing to be a partner/director of the auditing firms/corporations or hold any financial interests in the auditing firms.

The AC meets at least four times a year and, as and when deemed appropriate to carry out its function, where applicable, the following key terms of reference:-

- (i) reviewing the financial reporting issues and judgements so as to ensure the integrity of financial statements, and of announcements on the Company's financial performance and recommend changes, if any, to the Board.
- (ii) reviewing and reporting to the Board on the adequacy and effectiveness of the Company's risk management and internal controls in relation to financial reporting and other financial-related risk and controls (and to the extent delegated to it by the Board).
- (iii) reviewing the adequacy, effectiveness, independence, scope and results of the Company's internal audit function.

REPORT ON CORPORATE GOVERNANCE

- (iv) reviewing the scope and results of the external audit, and the independence and objectivity of the EA. It shall then recommend to the Board the appointment, reappointment and removal of the EA, and its remuneration and terms of engagement.
- (v) ensuring that the Company complies with the requisite laws and regulations.
- (vi) ensuring that the Company has programmes and policies in place to identify and prevent fraud.
- (vii) overseeing the establishment and operation of the whistleblowing process in the Company.
- (viii) review all IPTs and Related Party Transactions.

The AC has the explicit powers to conduct or the authority to investigate any of the abovementioned matter. The AC has full access to and co-operation of Management and also full discretion to invite any Director or executive officer to attend its meetings or be provided with reasonable resources to enable it to discharge its functions properly.

Whistle-Blowing (Rule 1207(18A) and (18B) of the SGX-ST Listing Manual)

The Company has put in place a Whistle-Blowing Policy which is in line with the Code (as amended in accordance with Rule 1207(18A) and (18B) of the SGX-ST Listing Manual) and provides well-defined and accessible channels in the Group through which staff and any other persons may in confidence, raise their concerns and possible improprieties, fraudulent activities, malpractices within the Group in a responsible and effective manner in matters of financial reporting or other matters.

To ensure that the identity of any whistleblower is kept confidential, the Company will treat all information received with utmost confidentiality. Anonymous disclosures will be accepted and anonymity honoured.

In addition, the Company is committed to ensure protection of the whistleblower against detrimental or unfair treatment. While the policy is meant to protect the whistleblower from any detrimental or unfair treatment as a result of their report or disclosure, it strictly prohibits frivolous and untrue reports or disclosures. No adverse action will be taken against any Director, officer, employee or other individual for making a report or disclosing information in good faith under this policy. The Company will not tolerate the harassment or victimisation of anyone reporting a genuine concern. Where a report or disclosure has been made, the Company will take all reasonable steps to ensure that no other person harasses or victimises the whistleblower.

The Company has designated an independent function to investigate whistleblowing reports made in good faith. The whistleblower shall report to the Group's head of IA and/or the AC orally or in writing, any conduct or activity that he/she reasonably believes in good faith to be a reportable conduct. All reports received will be duly investigated by an Investigation Committee ("IC") appointed by the Group CEO or her designate. The IC shall comprise of the Head of IA/ Chairman of AC and the AC is responsible for oversight and monitoring of the whistle blowing.

Appropriate and corrective action will be taken if warranted by the investigation. The IC may enlist, at the Group's expense, the assistance of outside legal, accounting or such other advisors and professionals to assist in conducting any investigation and/or to provide appropriate advice, if required.

IC shall maintain a register (the "**Reports Register**") for the purposes of recording all reports received, the date of such report and the nature of such report made, a summary of their investigations and their observations. Periodic updates of such reports should be submitted to the Board of Directors of the Company on a quarterly basis. The IC shall make the Reports Register available for inspection upon approval by the Board of Directors of the Company.

The objective of the Policy is to ensure that arrangements and processes are in place, to facilitate independent investigation of such concerns and for appropriate follow-up action. There were no reports of whistleblowing received in FY2024.

REPORT ON CORPORATE GOVERNANCE

Summary of the AC's activities in FY2024

The AC meets with the Group's IA, the EA and Management to review accounting, auditing and financial reporting matters to ensure that an effective system of control is maintained in the Group. In performing its functions for FY2024, the AC had, amongst others:

- (i) held 4 meetings in the financial year with Management, the IA and the EA, and met once with the IA and the EA without the presence of Management.
- (ii) reviewed and is satisfied with the independence of the EA for FY2024. For FY2024, the aggregate amount of fees paid to the EA was RMB714,000 and there were no fees paid for non-audit services.

The EA had also confirmed their independence in this respect.

- (iii) recommended the re-appointment of BDO-HK and BDO-SG to act jointly and severally as the Company's Auditors.

BDO-HK is a member of BDO International Limited in Hong Kong and BDO-SG, which is registered with the Accounting and Corporate Regulatory Authority, is a member firm of BDO International Limited in Singapore.

The Board, with the concurrence of the AC, is of the view that the re-appointment of BDO-HK and BDO-SG to act jointly and severally as the Auditors has enabled the Company to comply with and meet the objective and spirit of Rule 712 of the SGX-ST Listing Manual.

- (iv) confirmed that the Company had complied with Rule 715 of the SGX-ST Listing Manual in relation to the appointment of the same auditing firm to audit, its foreign-incorporated subsidiaries. The Group's significant subsidiaries are disclosed under Note 14 to the Financial Statements on pages 98 to 100 of this Annual Report.
- (v) reviewed whether the internal audit function is independent, effective and adequately resourced;
- (vi) reviewed and approved IPTs on a quarterly basis;
- (vii) inquired the receipt of whistle-blowing reports, if any, on a quarterly basis;
- (viii) reviewed and received the assurance letters pursuant to Provision 9.2 of the Code annually;
- (ix) internal audit report on cash and bank balances on a quarterly basis;
- (x) received the audit plan and audit report from the EA;
- (xi) received the audit plan and audit report from the IA;
- (xii) received the report on the sale and status of property projects on a quarterly basis;
- (xiii) reviewed whether there was any sale of properties to interested persons or a relative of a Director, CEO or controlling shareholders; and
- (xiv) considered the adequacy and effectiveness of the Group's Internal Control and Risk Management Systems for the financial period under review. Where any material weaknesses are identified, reviewed the steps taken to address them.

Having taken into consideration the Audit Quality Indicators Disclosure Framework published by ACRA, the AC, with the concurrence of the Board, had recommended the re-appointment of BDO-HK and BDO-SG as EA at the forthcoming AGM, based on their performance and quality of their audit. BDO-HK and BDO-SG and the respective audit engagement partners have experience auditing SGX-listed companies.

The EA and/or the IA and the Group Financial Controller also kept the AC abreast of changes to accounting standards and issues, if any, which have a direct impact on financial statements through updates and/or reports from time to time, where applicable and relevant. In addition, the AC is entitled to seek clarification from Management, the EA and/or the IA or independent professional advice, or attend relevant seminars, informative talks at the Company's expense from time to time to apprise themselves of accounting standards/financial updates.

REPORT ON CORPORATE GOVERNANCE

Provision 10.4 – Internal Audit Rule 1207(10C) of the SGX-ST Listing Manual

The internal audit function of the Group is carried out independently by an in-house IA, Ms. He Xiaoqin, who is a Certified Internal Auditor (“**CIA**”) with the Institute of Internal Auditors (“**IIA**”) and has at least 11 years of experience in the accounting industry and extensive experience in internal audit. Ms. Zhu Huili, the Group’s previous IA had resigned from the Group due to health reason during FY2024, and Ms. He Xiaoqin, who was previously an assistant of Ms. Zhu Huili in the internal audit team and possesses relevant professional qualification, was promoted to take-over the role and responsibilities of Ms. Zhu Huili.

Taking into account the nature, size and scope of the Group’s business operations, the Board, with the concurrence of the AC, is of the view that the internal audit team comprising three members, Ms. He Xiaoqin and two assistants who possess Intermediate-level Accountant qualification in the People’s Republic of China (the “**PRC**”) and have experience in management accounting up to 13 years, is adequately resourced to perform its function effectively and objectively. None of the personnel of the internal audit team had any relationship or conflict of interest that could impair their objectivity and independence in conducting their internal audit function.

The internal audit team reports primarily to the AC and has full access to the documents, records, properties and personnel of the Company and of the Group and has appropriate standing and empowerment within the Company.

As the Group’s business is primarily carried out and its major operating subsidiaries are established in the PRC, the internal audit work is performed under the framework of Chinese Internal Auditing Standards (“**Chinese IA Standards**”). Insofar as the AC is aware, the Chinese IA Standards are undergoing continuing modifications and reformation to be aligned with the International Standards for the Professional Practice of Internal Auditing set by the IIA. The China Institute of Internal Audit (“**CIIA**”) and IIA have been conducting academic communications on a continuing basis. Since the CIA examination was first introduced to the PRC in 1998, the CIA qualification is the only qualification recognised by the National Audit Office of the PRC for the internal audit profession in the country.

As the in-house IA, Ms. He Xiaoqin focuses primarily on the internal audit of the Group and reports primarily and directly to the AC Chairman on all internal audit matters and findings, if any, from the audit process. The internal audit work is carried out by the in-house IA according to the Chinese IA Standards set by the CIIA.

The in-house IA is independent of the activities she audits and does not undertake any operational responsibility or authority over any of the activities within its audit scope. She has unfettered access to all the Group’s documents, records, properties and personnel, including access to the AC.

Annually, the Group’s internal audit plan is formulated based on a risk-based approach to review the adequacy and effectiveness of the Group’s system of internal controls, including financial, operational, compliance and information technology controls, and risk management system. The plan is developed in consultation with, but independent of Management. This plan is reviewed and approved by the AC.

The AC had reviewed the findings of the IA quarterly and ensured that the Group follows up on the IA’s recommendations. The AC also reviews the adequacy and effectiveness of the internal audit function annually to ensure that the internal audit function is independent and adequately resourced to perform its function effectively and objectively.

Based on the foregoing and taking into account the Group’s operations and needs, the AC is of the view that the internal audit function is independent, effective and adequately resourced for FY2024.

SHAREHOLDERS RIGHTS AND ENGAGEMENT

PRINCIPLE 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

The Board ensures that all the Company’s shareholders are treated equitably for them to exercise their shareholders’ rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance position and prospects.

REPORT ON CORPORATE GOVERNANCE

Provisions 11.1 to 11.5 – Participation and voting at general meetings of shareholders

General meetings are the principal forum for dialogue with shareholders. Shareholders are encouraged to attend the AGM and SGM (if any) to ensure high level of accountability and to stay informed of the Group's strategy and goals. At the general meetings, shareholders are informed of the rules, including voting procedures, that govern general meetings and also given opportunity to share and communicate their views and seek clarification with the Board on issues relating to the Group's performance either informally or formally at or after the AGM. Information on general meetings is disseminated through notices in the annual reports or circulars sent to all shareholders. The notices are also released via the SGXNET.

Every matter requiring shareholders' approval is proposed as a separate resolution. It does not "bundle" resolutions, unless the resolutions are interdependent and linked as to form one significant proposal. Where the resolutions are "bundled", the Company will explain the reasons and material implications in the notice of general meeting.

The Chairmen of the AC, the RC and the NC or their representatives, the Lead Independent Director and the Group Financial Controller will normally be available at the general meetings to attend to queries raised by shareholders. The EA of the Company will also normally be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report. Directors' attendance at the general meetings of the Company held in FY2024 is disclosed under provision 1.5 above.

Voting by poll

The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved. Nonetheless, Shareholders can vote at the general meetings in person or by appointing up to 2 proxies, through proxy forms which are sent together with the Annual Reports or circulars, as the case may be. The duly completed and signed proxy forms are required to be submitted to the Company's Share Transfer Agent's address 48 hours before the general meeting. The notices of the general meeting are dispatched to shareholders, together with explanatory notes at least 14 clear days before each meeting for ordinary resolutions and at least 21 clear days for special resolutions to be passed. The notice is also advertised in a national newspaper in Singapore.

Voting by poll allows for an equitable and transparent voting process. Shareholders will be better able to demonstrate their concerns in a manner more accurately reflective of their shareholdings. Independent scrutineers are appointed to conduct the voting process. The Company conducts "live" voting in general meetings by either electronic or paper poll where shareholders are accorded rights proportionate to the shareholding and all votes are counted.

The detailed results showing the number of votes cast for and against each resolution and the respective percentages are shown to the Shareholders at the end of each resolution before the chairman of the meeting makes a declaration on the passing (or not) of the resolution. In addition, an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be released via the SGXNET after the general meeting. The Board believes that this will enhance transparency of the voting process and encourage greater shareholder participation.

The Joint Company Secretaries prepare minutes of general meetings, which record substantial comments and queries from shareholders relating to the agenda of such meetings ("**Minutes of General Meeting**"). The Minutes of General Meeting will be published on the SGXNET and its corporate website within one month after such general meeting.

Provision 11.6 – Dividend Policy

The Company does not have a policy on payments of dividends. The form, frequency and amount of dividends declared each year will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate. The Company endeavours to pay dividend and where dividends are not paid, the Company will disclose its reason(s) accordingly.

No dividend was declared for FY2024 in order to retain fund for the Group's daily operations.

REPORT ON CORPORATE GOVERNANCE

PRINCIPLE 12: ENGAGEMENT WITH SHAREHOLDERS

Provisions 12.1 to 12.3 – Interaction / engagement with shareholders

In line with continuous disclosure obligations, the Group is committed to regular and proactive communication with its shareholders and facilitate the exercise of ownership rights by all shareholders. All major developments that impact the Group pursuant to the SGX-ST Listing Rules would be communicated to shareholders on a timely basis through:

- (i) SGXNET announcements on major developments of the Group;
- (ii) the Group's website at www.pan-hong.com;
- (iii) financial statements containing a summary of the financial information and affairs of the Group for the half year and full year via SGXNET;
- (iv) annual reports or circulars that are sent to all shareholders; and
- (v) notices and explanatory notes for general meetings.

The Company does not practice selective disclosure, and in the event of any inadvertent disclosure is made to a select group, the Company will make the same disclosure publicly to all others as promptly as possible.

The Company does not have a dedicated investor relations team. Other than communicating with Directors and Management at general meetings, the shareholders may contact the Company's Group Financial Controller on any investor relations matters at panhong@pan-hong.com.

MANAGING STAKEHOLDERS RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

Provisions 13.1 and 13.2 – Identification and engagement with material stakeholder groups, including managing relationships with such groups

The Company believes that forging good relationships with its stakeholders is crucial for the sustainable growth of its business and its key stakeholders include government and regulators, shareholders and investors, community public, suppliers and partners, customers and employees.

To understand stakeholders' expectations, the Group engages and fosters trusted relationships through listening to their views and responding to their concerns. The frequency of ongoing engagement with various stakeholders depends on mutual needs and expectations.

The key areas of focus in relation to the management of stakeholder relationships are set out in the Company's annual sustainability report on pages 48 to 49 of this Annual Report.

Provision 13.3 – Corporate website

The Group maintains a current and updated corporate website.

All materials on the Company's financial results, as well as the latest annual report of the Company, are available on the Company's website at <http://www.pan-hong.com/>. The website also contains various other investor-related information about the Company which serves as an important resource for its shareholders and all other stakeholders.

REPORT ON CORPORATE GOVERNANCE

DEALING IN SECURITIES

The Group has adopted its own internal compliance code, Code of Best Practices on Securities Transactions by the Company and its officers, to provide guidance regarding dealings in the Company's securities, in compliance with Rule 1207(19) of the SGX-ST Listing Manual.

In accordance with the said rule, the officers of the Company shall not deal in the Company's securities on short-term considerations and the Company and its officers shall not deal in the Company's securities during the period beginning 1 month before the date of the announcement of the full year or half-yearly results respectively and ending on the date of the announcement of the relevant results. Directors and employees are also advised against dealing in the securities when they are in possession of any unpublished material price-sensitive information of the Group at all times.

The Board confirms that for FY2024, the Company has complied with Rule 1207(19) of the SGX-ST Listing Manual.

IPTs

The Group had adopted an internal policy governing procedures for the identification, approval and monitoring of IPTs. All IPTs are subject to review by the AC at its quarterly meetings.

The values of the IPTs that were transacted during FY2024 were below the threshold limits as set out under Chapter 9 of the SGX-ST Listing Manual and therefore, no other announcements or shareholders' approval were required. Please see below the aggregate value of IPTs entered into during FY2024:

Name of interested person	Nature of relationship	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual)	Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual (excluding transactions less than S\$100,000)
Sino Harbour Limited Rental income received from Sino Harbour Limited ⁽¹⁾	Associate of Controlling Shareholders, Mr. Wong Lam Ping and Ms. Chan Heung Ling	RMB329,112 (equivalent to approximately SGD60,579)	Nil
Ms. Chan Heung Ling Car Park Rental Expenses paid to Ms. Chan Heung Ling ⁽¹⁾	Controlling Shareholder, Ms. Chan Heung Ling	RMB54,852 (equivalent to approximately SGD10,096)	
Total		RMB383,964 (equivalent to approximately SGD70,675)	

(1) Sino Harbour Limited is a company indirectly controlled by Mr. Wong Lam Ping and Ms. Chan Heung Ling.

The Group does not have a general mandate from shareholders pursuant to Rule 920 of the SGX-ST Listing Manual.

MATERIAL CONTRACTS

Save for the Service Agreement entered into with the Group CEO, there are no material contracts entered into by the Group involving the CEO, any director or controlling shareholder or any of their associates subsisting for FY2024.

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

1. Business Review

Pan Hong Holdings Group Limited (“**Pan Hong**” or the “**Company**”, together with its subsidiaries, the “**Group**”) is a niche property development firm headquartered in Hong Kong. The Company was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 20 September 2006.

The Group, primarily a property development business, has been actively pursuing new avenues to boost its profitability. In a strategic move to diversify its business portfolio and to provide a more accurate representation of its core activities, the Group underwent a rebranding. As of 9 September 2015, it transitioned from Pan Hong Property Group Limited to Pan Hong Holdings Group Limited.

Pan Hong is committed to upholding the highest standards of integrity and transparency in its business operations. The Company has a strict anti-corruption policy in place, which applies to all employees and any individuals or entities representing Pan Hong. This policy expressly forbids any acts of corruption, including the giving, receiving, or authorising of bribes in any business dealings involving Pan Hong, whether with government officials, clients, contractors, suppliers, or employees. To enforce this policy, Pan Hong has established robust internal controls and a project bidding management system designed to prevent and detect any instances of bribery, extortion, fraud, or money laundering among contractors and suppliers. The Company also encourages all stakeholders to report any suspected or observed unethical behaviour, including misconduct, malpractices, or fraudulent activities, through its whistle-blowing policies. The Audit Committee and Executive Management team shall be responsible for the investigation of the reported cases and taking appropriate action.

It is imperative for all staff members to remain vigilant against fraud. Anomalies in transactions or conduct should be viewed as potential fraud indicators. Should an employee be implicated in fraudulent activities, they will face disciplinary actions. These could range from dismissal to legal action, including referral to relevant law enforcement or regulatory bodies for an independent investigation, contingent on the specific circumstances.

Guided by the principle that client trust is the cornerstone of its reputation, the Group is committed to upholding a high standard of integrity. This commitment is reflected in its pursuit of excellence and reliability in its offerings to its clients.

2. Scope and Framework

Scope and Boundary

This Sustainability Report, which spans from 1 April 2023 to 31 March 2024, provides insights into Pan Hong’s sustainability journey. It evaluates the Company’s initiatives and impacts concerning Environmental, Social, and Governance (“**ESG**”) matters across its operations in Hong Kong and Mainland China. The report’s employee count excludes individuals from external firms, including those from contractor and subcontractor entities, as well as personnel from outsourced services.

The framework for this report is the Global Reporting Initiative (GRI) Standards: Core option, which is a globally recognised framework that provides a standardised approach to sustainability reporting across different companies and industries worldwide. The use of the GRI Standards in this report underpins the Company’s commitment to transparency and the provision of high-quality, reliable, and comparable information on its sustainability performance.

The preparation of this report aligns with the sustainability reporting mandates of the Singapore Exchange Limited (“**SGX**”), as articulated in Listing Rule 711A and 711B. This is complemented by insights drawn from the SGX Sustainability Reporting Guide, encapsulated in Practice Note 7.6. Although we have not engaged external parties to assure this report, the Group’s internal auditor has conducted an internal review of the sustainability reporting procedures during the review period. As we continue to refine our sustainability reporting practices, we may consider seeking external assurance.

Contact Details

We welcome any feedback and suggestions regarding this report. Please feel free to provide your comments or questions at panhong@pan-hong.com.

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

3. Board Statement

Dear stakeholders,

It is with great satisfaction that we introduce the sixth annual Sustainability Report of Pan Hong. The Group, recognising the economic expansion in Mainland China since the early nineties, ventured into property development in Zhejiang Province. This initiative has led to the creation of a series of iconic properties over the decades. The Group's hallmark of excellence is its continual delivery of high-quality projects, which is achieved through a blend of innovative design, commitment to quality enhancement, and robust sustainability governance.

At the heart of our company's success is our dual focus on generating both financial and social value. This commitment is driven by our proactive contributions to environmental stewardship and social progress. In response to the growing concerns about climate change, product and service quality, and health and safety, we have intensified our efforts to reduce our environmental impact, ensure the high quality of our offerings, and maintain a safe workplace for our staff. Our sustainability agenda is underpinned by our commitment to prudent resource use, product excellence, employee welfare, and the promotion of ethical, effective governance practices that contribute to sustainable economic development.

The Board of Directors ("**Board**") acknowledges the significant role of sustainable performance in Pan Hong's operations and is proactive in addressing all ESG issues, engaging stakeholders, and mitigating climate change. The Board is entrusted with the task of identifying key ESG factors that could materially affect Pan Hong, ensuring effective oversight, and instituting a culture of continuous improvement through regular assessments and monitoring of ESG practices. On the other hand, the management is tasked with the day-to-day implementation of these ESG strategies and reporting on these initiatives' effectiveness to the Board.

In accordance with the provisions of Rule 720(7) of the Listing Manual, which came into effect on 1 January 2022, it is a prerequisite for all Company Directors to participate in sustainability-related training as specified by the SGX. The Company's sustainability report for FY2024 must affirm that all Directors have partaken in the mandatory sustainability training, except in instances where the Nominating Committee determines that such training is unnecessary due to a Director's existing expertise in sustainability matters. In such cases, the Nominating Committee is obliged to provide a rationale for its assessment. By the close of FY2024 on 31 March 2024, all members of the Board had successfully completed the required sustainability training course, which was conducted by the Singapore Institute of Directors.

This report details our dedication to various aspects of sustainability and describes the management strategies we employ.

4. Stakeholder Engagement and Material Issues

A company's sustainable growth is intricately linked to the involvement and support of its stakeholders. By maintaining an ongoing dialogue on ESG matters, the Group stays attuned to the ESG priorities of its stakeholders. The stakeholder groups and the key methods of communication are outlined as follows:

Stakeholders	Major communication channels
Government and regulators	Policy and guideline, information disclosure, social public welfare activities, daily communication
Shareholders and investors	Announcements, annual report, shareholders meetings
Community public	Company website and WeChat official account, charity activities, community promotion
Suppliers and partners	Cooperation, supplier meeting, agreement terms, daily communication
Customers	Customer service hotline, customer service center, discussions and visits
Employees	Employee meeting, training, activities

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

Pan Hong adopts a stakeholder-centric approach to sustainability, aligning its focus with the SGX Sustainability Reporting Guide's Practice Note 7.6. The materiality assessment process, conducted during the reporting period, contextualised global sustainability challenges within the framework of Pan Hong's operations. This process drew on insights from internal stakeholders, including functional heads, who provided input on sustainability reporting and ESG issues pertinent to our business. The assessment also factored in ESG issues specific to the industry and the Group's geographical footprint. Feedback from internal stakeholders, benchmarks from sustainability indices, and ESG reporting trends among local and international industry peers informed the identification of relevant ESG issues. The validation of the ESG issues under consideration and the assurance of the materiality assessment results were provided by Pan Hong's senior executives. This process ensured that the materiality assessment results accurately represented the ESG issues that are of significant importance to the business. The issues were then stratified into categories of "high importance" and "low importance".

As a result, this report highlights ESG issues determined to be of importance to our business as listed below:

5. Corporate Governance

Effective corporate governance is pivotal for navigating risks and seizing opportunities at Pan Hong. This is achieved through a mix of an effective Board of Directors, and robust policies and procedures that mitigate risks related to corruption, child labour, forced labour, and environmental waste. These governance measures are a direct reflection of the Group's overarching vision, mission, and core values.

The Board of Directors, which is a key driver in steering the Group towards its long-term goals, is made up of individuals who bring to the table deep expertise in the areas of industry knowledge, business operation, accounting, finance, and sustainable development. For a detailed breakdown of the Board's composition and the specific criteria used in the selection process, please see the Corporate Governance section of Pan Hong's Annual Report 2023–2024.

6. Climate-related Disclosure

Acknowledging the profound implications of global climate change on economic and social structures, the Group is at the forefront of advocating for and implementing effective climate risk management practices to preserve the Earth's ecosystems and ensure the continuity of human life. The Group's approach to climate risk management is underpinned by a rigorous process of identification, assessment, and mitigation of climate-related risks, leveraging a wealth of research, data, and insights. Concurrently, the Group is keen on seizing climate-related business opportunities that align with its sustainability goals. The Group's efforts and progress in climate change-related governance, strategy, risk management, and target setting will be articulated in this report, guided by the principles of the Task Force on Climate-related Financial Disclosures (TCFD) framework.

Management

The Board of Directors and senior management of the Group play an important role in climate risk management and have the following responsibilities:

1. Ensure that the Group formulates and implements climate risk management policies, systems, processes, and measures, and regularly evaluates and revises them, and ensure that all employees understand and comply with these policies and processes;
2. Ensure the accuracy, comprehensiveness, and reliability of the Group's climate risk assessment and scenario analysis: Climate risk assessment and scenario analysis are important steps in climate risk management. The Board of Directors and senior management need to ensure that the Group's assessment and analysis are accurate, comprehensive, and reliable to ensure that the Group can respond appropriately to different risk situations;
3. Ensure that the Group formulates and implements response strategies and measures, and monitor their effectiveness to ensure the effectiveness and sustainability of these strategies and measures;

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

4. Ensure that the Group fully considers the impact of climate risks on its business and fully considers climate risk factors in business decisions and incorporates climate risk management factors into its business strategy to ensure the Group's long-term development; and
5. Ensure that the Group actively communicates and cooperates with relevant stakeholders to jointly address the challenges of climate change.

It's the responsibility of the Board of Directors and senior management to develop and enforce climate risk management strategies across the Group, as well as facilitate employee awareness and adherence to these policies. Such measures are key to enhancing the Group's climate resilience and driving progress towards its sustainability objectives.

Board	Appointed Management	Execution Departments
<ul style="list-style-type: none"> • Comprehensive supervision of the Group's climate change management performance 	<ul style="list-style-type: none"> • Promoting the implementation of climate policies • Reviewing and adjusting climate change-related strategies, measures, and goals 	<ul style="list-style-type: none"> • Collecting, organising, and analysing data and information related to climate risks and opportunities • Collecting performance data on implemented climate change management strategies and measures, and reporting to management

Strategy

In light of the ongoing global climate change, the Group is acutely aware of the profound effects this could have on both business and society. This includes, but is not limited to, the increased frequency of natural disasters, rising energy costs, the need for more stringent environmental measures, and the shift in policies and regulations. Such factors pose a risk to the Group's business operations and its potential for profit. To mitigate these risks and maintain its profitability, the Group is dedicated to developing and implementing effective climate strategies.

The Group's climate strategy is designed to navigate the business landscape amidst climate change while reducing its adverse effects on business. This will involve the development of a suite of climate strategies and the establishment of climate risk management frameworks and processes to curtail the business disruptions caused by climate risks.

As the Group delves deeper into the complexities of climate change, the imperative for robust climate risk management correspondingly escalates. Recognising the nascent stage of our climate risk management journey, we acknowledge the breadth of initiatives that lie ahead. To this end, we have devised an initial work plan that serves as a roadmap to guide the roll-out of our climate risk management agenda. This plan will be instrumental in facilitating regular climate risk assessments and management exercises, enabling us to proactively identify, gauge, and devise tailored strategies and measures to navigate potential climate risks. Concurrently, we are committed to fostering active dialogue and collaboration with relevant stakeholders to augment our climate risk management efforts.

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

The following is the Group’s preliminary work schedule for establishing climate resilience:

Short-term	Medium-term	Long-term
Less than 3 years	3-10 years	More than 10 years
<ul style="list-style-type: none"> • Conduct climate scenario analysis within 3 years. • Set climate risk management guidelines within 2 years. 	<ul style="list-style-type: none"> • Target setting: After completing the risk analysis and management policy, system and process, establish related indicators and goals. 	<ul style="list-style-type: none"> • Monitor the established indicators and goals, and make timely adjustments as necessary.

It is our conviction that the Group’s proactive and evolving approach to climate strategising will enhance its resilience to climate change. By refining and advancing our climate strategies, we aim to not only mitigate the operational risks posed by climate change but also affirm our commitment to environmental stewardship. This, we believe, is integral to our pursuit of sustainable business growth and our broader goal of contributing to the preservation of the Earth’s ecosystems.

Identification of climate risks and opportunities / Impact assessment

- *Mechanism description:*

Refer to relevant laws and regulations, policy documents, and United Nations analysis documents related to the industry and operation location¹, and preliminarily identify the relevant climate risks and opportunities list.

Based on the identified climate risk list, invite the Group management to score and create a climate risk matrix accordingly.

¹ Reference documents include the UN’s “Climate Risk Report for the Real Estate Industry” and Zhejiang Province’s “Implementation Opinions on Promoting Climate Change Investment and Financing”.

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

Conduct initial impact analysis on the most substantial climate risks for the Group's business development:

Risk	Time Horizon	Description	Potential Impact	Response
Transitional Risk				
Tightening of relevant regulations, laws and policies TR-1	Short to medium term	The industry will be affected by increasing regulations and new policies, such as stricter building standards, carbon pricing and additional reporting standards.	Compliance requirements for operations will continue to increase due to tightening regulatory rules, resulting in increased costs and resources for the Group's operations and construction projects.	The Group will monitor and comply to the prevailing requirements and rules.
Cost of indirect greenhouse gas emissions TR-2	Medium to long term	Building, renovation and demolition activities contribute significantly to indirect emissions. Although the real estate firm may not be able to directly control these emissions, it can influence their scale. As carbon-intensive building materials become more expensive in the coming years, construction costs will rise.	The rising prices of carbon-intensive building materials will not only increase the costs of construction projects, but also bring pressure on the Group to develop or procure new technologies and materials with lower greenhouse gas emissions, or increase related operating costs.	The Group will apply low carbon materials and technologies, where appropriate, while balancing cost and environmental impact.
Changes in market preferences TR-3	Long term	As awareness of climate change increases, tenants and potential buyers begin to expect more from the real estate industry in terms of emissions reduction. With a shift in preference towards high-efficiency buildings with renewable energy sources, the industry faces new risks.	Changes in the preferences of tenants and buyers will gradually phase out traditional building materials and technologies, bringing pressure and costs to the Group to switch to more environmentally friendly materials or operating models.	The Group will design products with more environmentally friendly materials or operating models, where appropriate, which meet preference and expectation of buyers at an acceptable cost level.
Reputation risk TR-4	Long term	Failure to take carbon reduction action may result in public pressure on the real estate industry to reduce emissions.	The Group's corporate reputation will be affected due to the failure to adopt, insufficient or untimely implementation of carbon reduction actions, thereby reducing investor interest.	The Group will monitor and comply with the compulsory requirements and rules in order to satisfy the expectation of government, buyers and investors.

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

Risk	Time Horizon	Description	Potential Impact	Response
Physical risk				
Chronic risk Sea level rise and coastal flooding PR-1	Long term	Rising sea levels and coastal floods will become more frequent and severe, increasing property damage and leading to higher maintenance and repair costs.	Buildings or operational sites located in low-lying areas will be submerged due to rising water levels, thereby increasing the costs of the Group's project preparation, construction, and maintenance.	The Group will carefully assess before making any investment decision in locations with high risks.
Acute risk Inland flooding PR-2	Medium to long term	As the frequency and severity of coastal storms or extreme precipitation events increase, inland flooding may increase property damage. This may also lead to higher costs of repair and maintenance of properties due to rapid urbanisation.	Flooding or waterlogging caused by various climate events will increase the costs of maintenance and repair of the Group's construction projects or operational sites, and may also cause property prices in some long-term or severely affected areas to decline.	
Acute risk Extreme storms and strong winds PR-3	Medium term	The severity and frequency of extreme storms (such as hurricanes) may increase, causing losses worth billions of dollars. Extreme storms may have a negative impact on the value of commercial real estate in the medium term.	The value of the Group's projects or operational sites may decrease due to extreme weather events, and the costs of maintenance and repair may increase, thereby causing financial losses for the Group.	
Chronic risk Subsidence PR-4	Short to medium term	With climate change causing sea levels to rise and droughts intensifying groundwater extraction, it is expected that more and more properties will face the risk of subsidence in the coming years, or may cause serious structural damage to buildings.	The cost of insurance for buildings may increase due to the frequency of subsidence, and the cost of procedures for stabilising or replacing damaged structures may increase, thereby increasing project costs. At the same time, property prices may also decline due to subsidence, causing financial losses for the Group.	

SUSTAINABILITY REPORT

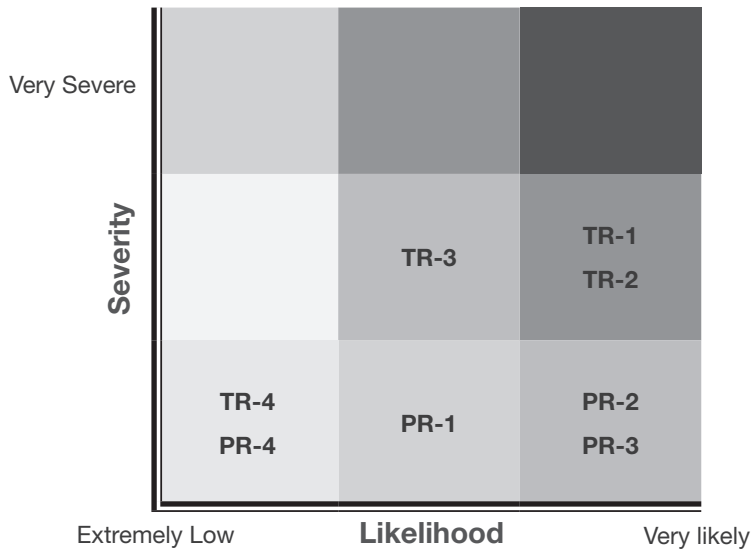
For Pan Hong Holdings Group Limited

Opportunity	Time Horizon	Description	Potential Impact	Response
Market opportunity				
Climate change investment and financing	Short to medium term	According to Zhejiang Province's "Implementation Opinions on Promoting Climate Change Investment and Financing", climate investment and financing projects with better demonstration effects will be prioritised for recommendation to the national climate investment and financing project bank.	In response to the development of climate investment and financing projects, investment in related areas may increase, increasing market funding. At the same time, by developing climate investment and financing-related projects, the Group may have the opportunity to enter the national climate investment and financing project bank, thereby increasing its investment and financing opportunities.	The Group will assess the costs and benefits of participation in such scheme/project.
Financial institution financial support		Encourage financial institutions to give credit support to key subjects such as regions, parks, enterprises, and projects included in the provincial-level low-carbon pilot and joint pollution reduction and carbon reduction pilot. Encourage and guide financial institutions at or above the provincial level to connect with financing needs for the construction of joint pollution reduction and carbon reduction innovative zones.	In response to financial support strategies for regions such as low-carbon or joint pollution reduction and carbon reduction, the Group may increase its direct financial support or financing opportunities in related projects and construction.	

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

Based on the climate risk list above, the Group has analysed the severity of its impact and the frequency of risk occurrence to derive the following climate risk matrix:



In summary, the overall business impact of climate risks on the Group is comparatively low, with the risk of transformation having a more significant effect on the Group’s operations than the risk of substantiality. The Group will develop suitable risk management strategies based on this analysis and make timely adjustments to ensure effective management.

Risk Management

At the helm of the Group’s climate risk management efforts is the Board of Directors, who are instrumental in driving and aligning these initiatives. In parallel, the Group places a strong emphasis on continuous learning, particularly in the area of climate risk management. By doing so, the Group aims to foster a deep understanding and proactive engagement in climate risk management across all levels of the organisation, thereby reinforcing the Group’s resilience to climate-related challenges.

Basics of climate risk management	1	Determine the scope and method of risk assessment, including the definition of climate risk, assessment indicators, risk analysis methods, etc.
	2	Assess the climate risks faced by the Group’s business, including but not limited to climate change, extreme weather events, etc
	3	Determine the goals, policies, systems, processes, responsibilities, etc. of climate risk management
Specific implementation of Group’s business	4	Classify the Group’s business from the perspective of risk assessment and management, and determine the climate risks of different businesses.
	5	Develop corresponding risk management measures for different climate risks in the corresponding businesses.
Implementation and monitoring of climate risk management	6	Ensure that the Group formulates and implements policies, systems, processes, and measures for climate risk management, and regularly evaluates and revises them.
	7	Monitor the implementation effect of climate risk management.
Evaluation and revision of climate risk management	8	Regularly evaluate and revise

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

Indicators and Targets

As the Group is in the starting phase of climate risk management, there are many actions to be taken. In order to ensure comprehensive implementation of relevant work, the Group has established a preliminary work schedule to track and monitor the progress of related work. The Group expects the establishment of indicators and targets to be completed within 3 to 5 years.

7. Reducing Environmental Impacts

In response to the dual pressures of climate change and resource depletion, the Group has acknowledged the critical need for eco-conscious business practices. As a responsible member of the community, the Group is dedicated to upholding local environmental statutes and mandates.

Emission Reduction

Guided by the Group's environmental strategy and its commitment to sustainable property development, there is an ongoing effort to enhance how contractors implement measures to control emissions on site.

Furthermore, the Group mandates contractors to establish proactive measures at the construction sites to control emissions. Through the optimisation of energy use, the Group is actively working towards lowering its Greenhouse Gas emissions.

Additionally, measures have been put in place to enhance electricity efficiency and conservation across the Group's property development projects and office operations, which has contributed to the control of Greenhouse Gas emissions.

Overview of Pan Hong's Greenhouse Gas Emissions (the "GHG") ²		
	FY2024	FY2023
Scope 1 Direct Emission (tonnes of CO2 equivalent) (tCO2e)	18.48	21.13
Scope 2 Indirect Emission (tCO2e)	543.59	1,237.21
Total GHG Emission (tCO2e)	562.07	1,258.34
GHG Intensity (tCO2e in '000/RMB'M Revenue)	1.61	40.5

Stringent monitoring and assessment of construction-related noise are conducted. Contractors are mandated to adhere to noise control measures and relevant regulatory standards. The use of low-noise construction equipment is promoted to further reduce noise levels.

Through the establishment of internal policies, Pan Hong aims to ensure that its construction practices are in line with relevant waste management regulations. These policies are designed to guide on-site construction activities, with a focus on effective waste management. The Group's waste sorting activities are subject to regular monitoring to maximise recycling of waste. In addition, Pan Hong regularly monitors its waste disposal records to identify potential areas for improvement.

Throughout the reporting period, both the Group and its contractors have adhered to all applicable environmental laws and regulations related to waste management.

Overview of Non-hazardous Waste Data ³		
	FY2024	FY2023
Paper consumption (tonnes)	1.05	1.55

² The reported figures represent greenhouse gas emissions from the major business units of the Group

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

Resource Conservation

Energy efficiency is a key driver of the Group's sustainability agenda. This is reflected in the Group's commitment to reducing energy use across its property development projects. A strategic approach to this is the selection of building materials and equipment that are energy-efficient during the design and planning stages of its properties.

Overview of Energy Consumption ⁴		
	FY2024	FY2023
Electricity Consumption (kWh in '000)	953.16	1,240.93
Energy Produced from Fuel (kWh in '000)	60.68	25.73
Total Energy Consumption (kWh in '000)	1,013.84	1,266.66
Energy Intensity (kWh in '000/RMB'M Revenue)	2.90	40.79

Water conservation measures are a key focus in the Group's building designs. This is achieved through the integration of features such as central water reuse facilities and water-saving toiletries. Furthermore, the Group promotes the adoption of best practices for water use among contractors to minimise freshwater wastage at construction sites.

Overview of Water Consumption ⁵		
	FY2024	FY2023
Total Water Consumption (m3)	16,382	30,982
Water Intensity (m3 /RMB'M Revenue)	46.93	997.81

Through the implementation of the aforementioned strategies, the Group anticipates a gradual reduction in emissions. However, it is important to note that emissions are closely tied to the scale of the Group's operating activities, including the number and size of projects and the volume of construction work in any given financial year. Furthermore, the Group's revenue recognition is dependent on the transfer of control of sold properties. As a result, the Group's emissions, both in terms of total volume and intensity, may vary from one reporting period to the next.

Significant Impacts of Activities on the Environment

Throughout the reporting year, the Group's activities were in strict accordance with all relevant national and local environmental and natural resource laws. By integrating green building principles into its real estate development practices, the Group has actively worked to reduce its environmental footprint. Moving forward, the Group is committed to the principles of safe, harmonious, and green development, and will continue its efforts to evolve into a resource-efficient and environmentally sustainable enterprise.

³ The reported figures represent energy consumption from the major business units of the Group

⁴ The reported figures represent water consumption from the major business units of the Group

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

8. Investing In Our People

Our employees, representing key internal stakeholders, plays a crucial role in our achievements. In line with applicable legal and regulatory frameworks, Pan Hong has instituted a labour union for certain of its employees.

Employment Practice and Labour Standard

Pan Hong has developed a Salary Management Policy and a Labour Contract to support business growth and enhance the effectiveness of salary incentives. These documents and contracts are formulated in compliance with national labour and personnel management laws, including the Employment Contract Law and the Contract Law of the People's Republic of China. The Group also provides a comprehensive benefits package for all employees, which includes contributions to various social insurance schemes and housing pensions.

The use of child or forced labour is strictly prohibited within the Group. The Human Resources Department is responsible for verifying the age and identity of all potential employees before they are hired. In addition, the Group has implemented a whistleblowing mechanism to allow employees to report any concerns anonymously and through the appropriate channels.

No relevant complaint has been received during the reporting year.

Training and Development

Employees are the key contributors to the growth of our Group. We foster continuous learning by subsidising construction and property-related courses, including civil engineering, for employees who are keen to advance their education. The Group also provides flexible work arrangements, such as unpaid leave or part-time options, to accommodate further education. Moreover, we enhance our team's professional acumen by facilitating participation in government-led vocational training programs across various domains, including construction and finance.

Health and Safety

Upholding employee safety is a key priority for the Group. In compliance with applicable labour regulations, Pan Hong is committed to ensuring that all employees are adequately informed about their work environments. Furthermore, to maintain safety standards, entry to the construction site is restricted to individuals who have been granted the necessary permission.

Work Policies

In line with local employment regulations, the Group has established internal guidelines that define work schedules and break times for employees. Beyond standard vacation days, employees may also be eligible for supplementary time off, including but not limited to, maternity, paternity, wedding, and bereavement leave. Such additional leave is subject to the stipulations of the relevant labour laws and is granted in a manner consistent with the provisions of the applicable local employment regulations.

The Group did not note any cases of material non-compliance in relation to employment during the reporting year.

Internal Promotion

Existing employees are provided with opportunities for internal promotion and job advancement, which are awarded based on a point scoring system that evaluates their work performance, attitude, and capability. Employees are also actively supported in having open discussions about their career aspirations and plans for professional growth.

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

Equal Opportunity and Diversity

Having a diverse and skilled workforce is pivotal for the Group's operations. There's a strong commitment to fostering a work environment that's not only inclusive and collaborative, but also free from any form of discrimination, harassment, or abuse. This commitment to equality extends to all facets of employment, ensuring that all individuals, regardless of their race, religion, gender, age, or any other status, are treated with respect and fairness. The Group also places a high value on the prompt and confidential resolution of any issues, including complaints, grievances, and whistleblowing reports. It's important to note that the Group has a strict policy of zero tolerance towards any form of sexual harassment or abuse in the workplace.

Pan Hong maintains a harmonious and constructive work environment with its employees and is proactive in enhancing these relations. The Group acknowledges the contributions of the employees and incentivises their dedication by arranging company trips. The Group will persist in its commitment to talent development as a core strategy for growth and will continue to actively explore the market for potential opportunities. The Group's operations have not been impacted by any labour-related strikes or disputes.

9. Assuring Our Service Quality

Guided by the philosophy of 'creating happiness for the clients, opportunities for the employees, value for the society and benefits for the enterprise', the Group is dedicated to enhancing its service standards and providing its clients with products of global excellence.

Throughout all stages of property development, Pan Hong upholds a strong commitment to legal and regulatory compliance. This encompasses a wide range of activities, from the initial stages of site selection and market research, to the complexities of land acquisition, and the strategic phases of project planning and design. Compliance continues to be a priority during the construction phase, the sale of the property, and the delivery of the property to the buyer. Even after the sale is complete, Pan Hong remains dedicated to adhering to all relevant laws and regulations in its provision of after-sales services.

Pan Hong ensures the quality of its construction projects by partnering with design and construction firms and suppliers that have proven track record. The Group also hires professional quality surveyors to manage and control the quality of its projects.

Periodic evaluations will be carried out for suppliers and sub-contractors, and feedback from these assessments will be shared with them in a timely manner. This feedback will include both positive aspects and areas that need improvement. Suppliers who consistently fail to meet the Group's requirements may be subjected to suspension for future supply.

Stringent adherence to internal protocols, such as the Project Bidding Management System and the Materials or Equipment Procurement Management Methods, is a cornerstone of our operations. These guidelines, which we enforce rigorously, are instrumental in upholding high standards of documentation, internal audit, service delivery, and corrective measures.

In compliance with the applicable laws and regulations in Mainland China, the Group offers warranty to customers on the structure and specific fittings and facilities of its property products.

A set of procedures have been put in place by the Group to address customer feedback or complaints effectively and professionally. Upon receiving product or service-related enquiries or complaints, reviews will be conducted immediately. After complaints have been resolved, customers' satisfaction will be evaluated.

During the reporting year, the Group did not receive any complaints related to health and safety, advertising, labeling, or any privacy matters concerning the products and services provided, or the methods of redress.

Pan Hong's business is not materially dependent on any intellectual property such as intellectual property, patent, patent rights, licences and processes or other intangible assets.

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

10. Contributing to the community

The Group acknowledges the close tie between property development and community economics, and is conscious of its social responsibility. While property development creates employment opportunities within the community, the Group places a strong focus on employee welfare, as evidenced by the provision of sports facilities and a range of workshops.

11. Material Factors and Targets

Material ESG Factors	FY2024 Targets	Performance	FY2025 Targets
Corporate Governance	Maintain zero incidents of confirmed corruption or fraud	Achieved	To maintain zero incidents of confirmed corruption or fraud
Reducing Environmental Impacts	Strictly complied with all national and local laws and regulations in relation to environmental protection and the use of natural resources	Achieved	To strictly comply with all national and local laws and regulations in relation to environmental protection and the use of natural resources
Employment Practice and Labour Standard	Maintain social beneficial plans for all employees according to the national law and standards	Achieved	To maintain social beneficial plans for all employees according to the national law and standards
Health and Safety	Maintain a safe workplace with zero work-related fatalities	Achieved	To maintain a safe workplace with zero work-related fatalities
Work Policies	Maintain zero material non-compliance in relation to employment	Achieved	To maintain zero material non-compliance in relation to employment
Assuring Our Service Quality	Comply to all the relevant laws and regulations during the entire property development process and; Provides warranty to customers for the structure and certain fittings and facilities of its property developments in accordance with the relevant laws and regulations	Achieved	To comply to all the relevant laws and regulations during the entire property development process and; To provide warranty to customers for the structure and certain fittings and facilities of its property developments in accordance with the relevant laws and regulations

12. Looking Forward

Under the guidance of its visionary and experienced management, the Group is committed to continue its investment in talent development, upholding high standards of product excellence, and integrating effective ESG practices into its business operations to drive progress towards sustainability in the property development sector.

By embedding a culture of sustainability into its business operations, practices, and daily activities, the Group anticipates that its commitment to sustainable development will foster a climate of innovation among its employees and contractors. This proactive approach to sustainability is expected to enhance the Group's reputation, increase satisfaction among stakeholders, and boost its recognition in the market.

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

GRI Content Index

Disclosure		Section/Page number(s)
General Disclosures		
Organisational Profile		
102-1	Name of the organisation	Business Review. Page 47
102-2	Activities, brands, products, and services	Business Review. Page 47
102-3	Location of headquarters	Business Review. Page 47
102-4	Location of operations	Business Review. Page 47
102-5	Ownership and legal form	Business Review. Page 47
102-6	Market served	Business Review. Page 47
102-7	Scale of the organisation	Business Review. Page 47
102-8	Information on employee and other workers	Investing In Our People. Page 58-59
102-9	Supply chain	Assuring Our Service Quality. Page 59
102-10	Significant changes to the organisation and its supply chain	There were no significant changes during the reporting period.
102-11	Precautionary principle and approach	Pan Hong does not specifically address the principles of the Precautionary approach.
102-12	External initiatives	Pan Hong does not subscribe to or endorse any external initiatives.
Strategy		
102-14	Statement from senior decision-maker	Board Statement. Page 48
102-15	Key impacts, risks, and opportunities	Stakeholder Engagement and Material Issues. Page 48-49
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	Business Review. Page 47
102-17	Mechanisms for advice and concerns about ethics	Business Review. Page 47
Governance		
102-18	Governance structure	Report on Corporate Governance. Page 19-46
Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholder Engagement and Material Issues. Page 48-49
102-41	Collective bargaining agreements	No collective bargaining agreements are in place.
102-42	Identify and selecting stakeholders	Stakeholder Engagement and Material Issues. Page 48-49
102-43	Approach to stakeholder engagement	Stakeholder Engagement and Material Issues. Page 48-49
102-44	Key topics and concerns raised	Stakeholder Engagement and Material Issues. Page 48-49

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

Disclosure		Section/Page number(s)
Reporting Practice		
102-45	Entities included in the consolidated financial statement	Scope and Framework. Page 47
102-46	Defining report content and topic boundaries	Scope and Framework. Page 47
102-47	List of material topics	Stakeholder Engagement and Material Issues. Page 48-49
102-48	Restatement of the information	Not applicable.
102-49	Changes in reporting	There were no changes in reporting.
102-50	Reporting period	Scope and Framework. Page 47
102-51	Date of most recent report (if any)	Not applicable.
102-52	Reporting cycle	Scope and Framework. Page 47
102-53	Contact of reporting in accordance with the GRI Standards	Scope and Framework. Page 47
102-54	Claims of reporting in accordance with the GRI Standards	Scope and Framework. Page 47
102-55	GRI content index	GRI Content Index. Page 61-64
102-56	External assurance	Scope and Framework. Page 47
Topic-Specific Disclosure		
Economic		
GRI 204: Procurement Practices		
103-1	Explanation of the material topic and its boundary	Assuring Our Service Quality. Page 59
103-2	The management approach and its components	Assuring Our Service Quality. Page 59
103-3	Evaluation of the management approach	Assuring Our Service Quality. Page 59
GRI 205: Anti-Corruption		
103-1	Explanation of the material topic and its boundary	Business Review. Page 47
103-2	The management approach and its components	Business Review. Page 47
103-3	Evaluation of the management approach	Business Review. Page 47
205-3	Confirmed incidents of corruption and actions taken	No confirmed incidents of corruption during the reporting period.
Environment		
GRI 302: Energy		
103-1	Explanation of the material topic and its boundary	Reducing Environmental Impacts. Page 56-57
103-2	The management approach and its components	Reducing Environmental Impacts. Page 56-57
103-3	Evaluation of the management approach	Reducing Environmental Impacts. Page 56-57

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

Disclosure		Section/Page number(s)
GRI 303: Water		
103-1	Explanation of the material topic and its boundary	Reducing Environmental Impacts. Page 56-57
103-2	The management approach and its components	Reducing Environmental Impacts. Page 56-57
103-3	Evaluation of the management approach	Reducing Environmental Impacts. Page 56-57
GRI 305: Emissions		
103-1	Explanation of the material topic and its boundary	Reducing Environmental Impacts. Page 56-57
103-2	The management approach and its components	Reducing Environmental Impacts. Page 56-57
103-3	Evaluation of the management approach	Reducing Environmental Impacts. Page 56-57
GRI 307: Environmental Compliance		
103-1	Explanation of the material topic and its boundary	Reducing Environmental Impacts. Page 56-57
103-2	The management approach and its components	Reducing Environmental Impacts. Page 56-57
103-3	Evaluation of the management approach	Reducing Environmental Impacts. Page 56-57
Society		
GRI 401: Employment		
103-1	Explanation of the material topic and its boundary	Investing In Our People. Page 58-59
103-2	The management approach and its components	Investing In Our People. Page 58-59
103-3	Evaluation of the management approach	Investing In Our People. Page 58-59
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Investing In Our People. Page 58-59
GRI 403: Occupational Health and Safety		
103-1	Explanation of the material topic and its boundary	Investing In Our People. Page 58-59
103-2	The management approach and its components	Investing In Our People. Page 58-59
103-3	Evaluation of the management approach	Investing In Our People. Page 58-59
GRI 404: Training and Education		
103-1	Explanation of the material topic and its boundary	Investing In Our People. Page 58-59
103-2	The management approach and its components	Investing In Our People. Page 58-59
103-3	Evaluation of the management approach	Investing In Our People. Page 58-59

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

Disclosure		Section/Page number(s)
GRI 408: Child Labour		
103-1	Explanation of the material topic and its boundary	Investing In Our People. Page 58-59
103-2	The management approach and its components	Investing In Our People. Page 58-59
103-3	Evaluation of the management approach	Investing In Our People. Page 58-59
GRI 409: Forced and Compulsory Labour		
103-1	Explanation of the material topic and its boundary	Investing In Our People. Page 58-59
103-2	The management approach and its components	Investing In Our People. Page 58-59
103-3	Evaluation of the management approach	Investing In Our People. Page 58-59
GRI 419: Socioeconomic Compliance		
103-1	Explanation of the material topic and its boundary	Financial Highlight. Page 3-5 Report on Corporate Governance. Page 19-46 Notes to the Financial Statement. Page 77-120
103-2	The management approach and its components	Financial Highlight. Page 3-5 Report on Corporate Governance. Page 19-46 Notes to the Financial Statement. Page 77-120
103-3	Evaluation of the management approach	Financial Highlight. Page 3-5 Report on Corporate Governance. Page 19-46 Notes to the Financial Statement. Page 77-120

DIRECTORS' REPORT

The Directors present their report to the members together with the audited consolidated financial statements of Pan Hong Holdings Group Limited (the “**Company**”) and its subsidiaries (collectively known as the “**Group**”) for the financial year ended 31 March 2024 (“**FY2024**”).

DIRECTORS

The Directors of the Company in office at the date of this report are:

Mr. Wong Sum	(Executive Chairman)
Mr. Ng Keong Khoon	(Lead Independent Director, appointed on 1 June 2023)
Dr. Choo Kian Koon	(Independent Director)
Dr. Zheng Haibin	(Independent Director)
Mr. Tan Kim Swee Bernard	(Independent Director, appointed on 1 June 2024)
Mr. Chung Yiu Kwong Nixon	(Independent Director, appointed on 1 June 2024)
Ms. Wang Cuiping	(Executive Director and Chief Executive Officer)

In accordance with the Company’s Bye-Laws, Mr. Tan Kim Swee Bernard, Mr. Chung Yiu Kwong Nixon and Ms. Wang Cuiping shall retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

Dr. Choo Kian Koon and Dr. Zheng Haibin will be retiring as Directors of the Company pursuant to the Company’s Bye-Law 86(1) at the conclusion of the forthcoming Annual General Meeting (“**AGM**”). Dr. Choo Kian Koon shall also retire as the Independent Director of the Company, chairman of the Nominating Committee (“**NC**”) and members of the Remuneration Committee (“**RC**”) and the Audit Committee (“**AC**”) at the conclusion of the AGM. In addition, Dr. Zheng Haibin shall also retire as the Independent Director of the Company, chairman of the RC and a member of the AC at the conclusion of the AGM.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement whose objects are, or one of whose objects is, to enable the 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.

DIRECTORS’ INTERESTS IN SHARES OR DEBENTURES

According to the register of director’s shareholdings, the interests of Directors who held office at the end of the financial year are as follows:

	Direct interest		Deemed interest	
	At	At	At	At
	01.04.2023	31.03.2024/ 21.04.2024	01.04.2023	31.03.2024/ 21.04.2024
Ordinary shares				
Wong Sum (<i>Executive Chairman</i>)	–	–	–	–
Ng Keong Khoon (<i>Lead Independent Director</i>)	–	–	–	–
Choo Kian Koon (<i>Independent Director</i>)	–	–	–	–
Zheng Haibin (<i>Independent Director</i>)	–	–	–	–
Wang Cuiping (<i>Executive Director</i>)	689,900	689,900	–	–

DIRECTORS' REPORT

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefits by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than in the normal course of business and except as disclosed in this report and the accompanying financial statements.

SHARE OPTIONS

The Company does not have any share option scheme.

AUDIT COMMITTEE, NOMINATING COMMITTEE AND REMUNERATION COMMITTEE

Details of the Company's AC, the NC and the RC are set out in the Corporate Governance Report under pages 19 to 46 of this annual report.

COMPLIANCE WITH RULE 1207(10) OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST")

The AC has reviewed the overall scope of both internal and external audits and the assistance given by Management to the internal and external auditors. The AC has also met once with the Company's internal and external auditors for FY2024 to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls without the presence of Management. Details on the duties and functions carried out by the AC, adequacy of the internal controls and internal audit during FY2024 are set out under pages 38 to 43 of the Report on Corporate Governance.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews carried out by Management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and risk management systems were adequate and effective as at 31 March 2024.

MATERIAL CONTRACTS INVOLVING THE INTERESTS OF CHIEF EXECUTIVE OFFICER, EACH DIRECTOR OR CONTROLLING SHAREHOLDER

Save for the Service Agreements entered into with the Executive Directors, there are no material contracts entered into by the Group involving the interests of the CEO, any Director or controlling shareholder subsisting for the year ended 31 March 2024.

AUDITORS

The AC has recommended to the Board of Directors the re-appointment of BDO Limited, Certified Public Accountants, Hong Kong and BDO LLP, Public Accountants and Chartered Accountants, Singapore to act jointly and severally as the Company's auditors at the forthcoming annual general meeting.

BDO Limited and BDO LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the Directors,

Wong Sum
Director

Wang Cuiping
Director

28 June 2024

DIRECTORS' STATEMENT

We, Wong Sum and Wang Cuiping, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors:

- (i) the accompanying consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of financial position of the Company together with the notes thereto as set out on pages 73 to 120, are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2024 and the results of the business, changes in equity and cash flows of the Group for the year then ended; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors,

Wong Sum
Director

Wang Cuiping
Director

28 June 2024

FINANCIAL SECTION

FINANCIAL CONTENT

- 69** Independent Joint Auditors' Report
- 73** Consolidated Statement of Comprehensive Income
- 74** Statements of Financial Position
- 75** Consolidated Statement of Cash Flows
- 76** Consolidated Statement of Changes in Equity
- 77** Notes to the Financial Statements

INDEPENDENT JOINT AUDITORS' REPORT



To the shareholders of Pan Hong Holdings Group Limited 汎港控股集团有限公司
(incorporated in Bermuda with limited liability)

Opinion

We have audited the financial statements of Pan Hong Holdings Group Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 73 to 120, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2024;
- the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the year then ended; and
- notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company give a true and fair view of the consolidated financial position of the Group and of the financial position of the Company as at 31 March 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group 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 the Hong Kong Institute of Certified Public Accountants (“HKICPA”) Code of Ethics for Professional Accountants (“HKICPA Code”), and we have fulfilled our other ethical responsibilities in accordance with these requirements, the ACRA Code and the HKICPA 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 period. 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.

Revenue recognition

The Group recognised revenue from sale of properties held for sale of RMB349.1 million for the year ended 31 March 2024. Revenue arising from the sale of properties held for sale is recognised at a point in time when customer accept the properties, unless at the time of entering into the contract, the sales and purchase agreement satisfied the criteria for recognising revenue over time by containing an enforceable right to payment for performance completed to date. Revenue from sale of properties held for sale is recognised upon the transfer of control of these properties held for sale to the customers. The revenue recognition is dependent on the contractual arrangements for the sale and the laws in the relevant jurisdiction and may require significant audit effort and management judgement.

INDEPENDENT JOINT AUDITORS' REPORT

Key Audit Matters (Continued)

Related disclosures

Refer to notes 3.3, 4.2(i) and 6 to the consolidated financial statements

Audit responses

Our audit procedures included:

- Assessing the management's control over the point of time at which revenue from sales of properties held for sale is recognised by obtaining an understanding of the management's control process and testing the control on a sample basis;
- Reading the terms stated in the sales and purchase agreements, on a sample basis, and obtaining evidence regarding the completion and the delivery of properties, on a sample basis, including checking to completion certificates and delivery notices, to assess whether the criteria for revenue recognition set out in note 3.3 to the consolidated financial statements have been met;
- Reviewing the legal advice provided by the Group's legal advisor, including the legal advisor's interpretation of the applicable laws and the implication on the assessment of the enforceability of the right to payment; and
- Assessing the competency, experience and objectivity of the legal advisor engaged by the Group.

Assessment of net realisable value of properties held for sale and properties held under development

The Group has significant properties held for sale and properties held under development in the People's Republic of China (the "PRC"). Properties held for sale of RMB478.6 million and properties held under development of RMB1,346.5 million together represent 83.3% of total assets on the consolidated statement of financial position as at 31 March 2024.

Properties held for sale and properties held under development are stated at the lower of their costs and their net realisable values.

The determination of the estimated net realisable value of these properties held for sale and properties held under development is critically dependent upon the Group's estimation of future selling prices and particularly for properties held under development, the costs to complete their projects.

Related disclosures

Refer to notes 3.6, 3.7, 4.1, 18 and 19 to the consolidated financial statements

Audit responses

Our audit procedures included:

- Assessing the calculations of net realisable values of properties held for sale and properties held under development, and challenging the reasonableness and consistency of the assumptions used by management;
- Assessing the appropriateness of the Group's estimated selling prices, on a sample basis, by comparing them to, where available, recently transacted prices and prices of comparable properties located in the same vicinity as the development projects; and
- Assessing the reasonableness of construction costs and interest expenses estimated by the management, on sample basis, based on underlying documentation.

INDEPENDENT JOINT AUDITORS' REPORT

Other Information

The directors are responsible for the other information. The other information comprises all the information included in the Company's 2024 annual report, but does not include the financial statements and our independent joint auditors' 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 Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are 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 the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Auditors' 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 a joint auditors' 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 ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT JOINT AUDITORS' REPORT

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of the directors' 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 joint auditors' 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 joint auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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.
- 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 the directors 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, actions taken to eliminate threats or safeguard applied.

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.

The engagement partner and director on the audit resulting in this independent joint auditors' report are William Ng Wee Liang from BDO LLP, and Cheung Or Ping from BDO Limited.

BDO LLP
Public Accountants and Chartered Accountants
Singapore
28 June 2024

BDO Limited
Certified Public Accountants
Hong Kong
28 June 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2024

	Notes	Group	
		2024 RMB'000	2023 RMB'000
Revenue	6	349,085	31,049
Cost of sales		(246,466)	(16,246)
Gross profit		102,619	14,803
Other income and other gains and losses	6	6,870	1,461
Selling and distribution expenses		(26,723)	(8,231)
Administrative expenses		(18,002)	(16,511)
Share of loss of an associate		(12)	(12)
Operating profit/(loss)		64,752	(8,490)
Finance costs	7	(2,195)	(3,804)
Profit/(loss) before income tax	8	62,557	(12,294)
Income tax (expense)/credit	9	(25,661)	5,557
Profit/(loss) for the year		36,896	(6,737)
Other comprehensive income, net of tax			
Item that will not be reclassified to profit or loss:			
Change in fair value of financial asset at fair value through other comprehensive income		(1,327)	(931)
Item that may be reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		120	(907)
Other comprehensive income for the year		(1,207)	(1,838)
Total comprehensive income for the year		35,689	(8,575)
Profit/(loss) for the year attributable to:			
Owners of the Company		31,062	(6,330)
Non-controlling interests		5,834	(407)
		36,896	(6,737)
Total comprehensive income attributable to:			
Owners of the Company		29,855	(8,168)
Non-controlling interests		5,834	(407)
		35,689	(8,575)
Earnings/(loss) per share for profit attributable to owners of the Company during the year (in RMB cents):			
- Basic and diluted	11	6.06	(1.24)

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2024

	Notes	Group		Company	
		31 March 2024 RMB'000	31 March 2023 RMB'000	31 March 2024 RMB'000	31 March 2023 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	12	47,782	52,039	-	-
Investment properties	13	70,450	58,580	-	-
Investments in subsidiaries	14	-	-	278,608	278,608
Interest in an associate	15	1,794	1,806	-	-
Financial asset at fair value through other comprehensive income	16	25,220	26,547	15,193	15,992
Deferred tax assets	17	3,613	6,551	-	-
		148,859	145,523	293,801	294,600
Current assets					
Properties held under development	18	1,346,491	1,633,603	-	-
Properties held for sale	19	478,604	156,601	-	-
Contract cost assets	6	15,359	15,581	-	-
Prepayments and other receivables	20	96,076	109,986	236	125
Amounts due from subsidiaries	21	-	-	365,554	365,554
Financial assets at fair value through profit or loss	22	54	80	-	-
Tax recoverable		11,648	18,096	-	-
Cash and bank balances	23	93,066	212,201	154	153
		2,041,298	2,146,148	365,944	365,832
Current liabilities					
Accruals and other payables	24	341,201	232,713	24	24
Contract liabilities	6	503,256	532,933	-	-
Current tax liabilities		100,874	104,655	-	-
Amounts due to related parties	21	87,786	87,297	340,735	337,817
Bank and other loans	25	63,268	285,611	-	-
		1,096,385	1,243,209	340,759	337,841
Net current assets		944,913	902,939	25,185	27,991
Total assets less current liabilities		1,093,772	1,048,462	318,986	322,591
Non-current liabilities					
Bank and other loans	25	39,500	30,000	-	-
Deferred tax liabilities	17	4,381	4,260	-	-
		43,881	34,260	-	-
Net assets		1,049,891	1,014,202	318,986	322,591
EQUITY					
Equity attributable to owners of the Company					
Share capital	26	52,241	52,241	52,241	52,241
Reserves	27	972,151	942,296	266,745	270,350
		1,024,392	994,537	318,986	322,591
Non-controlling interests	14	25,499	19,665	-	-
Total equity		1,049,891	1,014,202	318,986	322,591

Wong Sum
Director

Wang Cuiping
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	Group	
	2024 RMB'000	2023 RMB'000
Cash flows from operating activities		
Profit/(loss) before income tax	62,557	(12,294)
Adjustments for:		
Interest income	(3,548)	(917)
Interest expense	2,195	3,804
Depreciation of property, plant and equipment	4,822	3,891
Loss on written-off of property, plant and equipment	-	23
Gain on disposal of financial assets at fair value through profit or loss	-	(24)
Net fair value loss/(gain) on financial assets at fair value through profit or loss	26	(8)
Net fair value (gain)/loss of investment properties	(796)	1,757
Provision for impairment losses under expected credit loss model	842	-
Share of loss of an associate	12	12
Operating profit/(loss) before working capital changes	66,110	(3,756)
Increase in properties held under development and properties held for sale	(40,083)	(281,739)
Decrease in other receivables and prepayments	13,068	37,312
Decrease/(increase) in contract cost assets	222	(15,581)
Decrease/(increase) in restricted bank balances	92,391	(168,206)
Decrease in financial assets at fair value through profit or loss	-	228
Increase in other payables, accruals and contract liabilities	78,811	478,869
Cash generated from operations	210,519	47,127
Interest received	3,548	917
Income taxes paid	(20,056)	(21,446)
<i>Net cash generated from operating activities</i>	194,011	26,598
Cash flows from investing activity		
Purchases of property, plant and equipment	(116)	(1,002)
<i>Net cash used in investing activity</i>	(116)	(1,002)
Cash flows from financing activities		
Advance from related parties	-	300
Proceed from new borrowings	35,000	85,000
Repayments of borrowings	(248,125)	(72,510)
Interest paid	(8,104)	(22,514)
<i>Net cash used in financing activities</i>	(221,229)	(9,724)
Net (decrease)/ increase in cash and cash equivalents	(27,334)	15,872
Effect of foreign exchange difference	590	50
Cash and cash equivalents at beginning of the year	40,374	24,452
Cash and cash equivalents at end of the year	13,630	40,374
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	93,066	212,201
Less: restricted bank balances	(79,436)	(171,827)
	13,630	40,374

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Equity attributable to owners of the Company											
	Share capital	Treasury shares	Merger reserve	Statutory reserve	Capital reserve	Other reserve	Fair value through other comprehensive income			Retained earnings	Non-controlling interests	Total equity
							exchange reserve	income reserve	reserve			
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 April 2022	52,241	(12,817)	(2,243)	94,433	3,838	85,452	(3,870)	(10,588)	796,259	1,002,705	20,072	1,022,777
Loss for the year	-	-	-	-	-	-	-	-	(6,330)	(6,330)	(407)	(6,737)
Other comprehensive income												
Changes in fair value of financial asset at fair value through other comprehensive income	-	-	-	-	-	-	(931)	-	-	(931)	-	(931)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	(907)	-	(907)	-	(907)
Total comprehensive income for the year	-	-	-	-	-	-	(931)	(907)	(6,330)	(8,168)	(407)	(8,575)
Transfer to statutory reserves	-	-	-	1,224	-	-	-	-	(1,224)	-	-	-
As at 31 March 2023	52,241	(12,817)	(2,243)	95,657	3,838	85,452	(4,801)	(11,495)	788,705	994,537	19,665	1,014,202
As at 1 April 2023	52,241	(12,817)	(2,243)	95,657	3,838	85,452	(4,801)	(11,495)	788,705	994,537	19,665	1,014,202
Profit for the year	-	-	-	-	-	-	-	-	31,062	31,062	5,834	36,896
Other comprehensive income												
Changes in fair value of financial asset at fair value through other comprehensive income	-	-	-	-	-	-	(1,327)	-	-	(1,327)	-	(1,327)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	120	-	120	-	120
Total comprehensive income for the year	-	-	-	-	-	-	(1,327)	120	31,062	29,855	5,834	35,689
Transfer to statutory reserves	-	-	-	4,516	-	-	-	-	(4,516)	-	-	-
As at 31 March 2024	52,241	(12,817)	(2,243)	100,173	3,838	85,452	(6,128)	(11,375)	815,251	1,024,392	25,499	1,049,891

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL INFORMATION

Pan Hong Holdings Group Limited (the “Company”) was incorporated in Bermuda under the laws of Bermuda on 20 December 2005 as an exempted company with limited liability. The Company’s shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Room 1214, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Hunghom, Hong Kong. The Company does not have a place of business in Singapore as at the date of this report.

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries (together with the Company, known as the “Group”) are set out in note 14 to the financial statements.

The financial statements on pages 73 to 120 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) which collective term includes all applicable individual IFRS Accounting Standards and Interpretations approved by the International Accounting Standards Board (“IASB”), and all applicable individual IFRS Accounting Standards and Interpretations as originated by the Board of the International Accounting Standards Committee and adopted by the IASB. The financial statements also include the applicable disclosure requirements of the Listing Manual of the SGX-ST (the “Listing Manual”).

The consolidated financial statements of the Group and statement of financial position of the Company for the year ended 31 March 2024 were approved for issue by the Directors on 28 June 2024.

2. ADOPTION OF NEW OR AMENDED IFRS ACCOUNTING STANDARDS

In the current year, the Group has applied the following new or amendments to IFRS Accounting Standards issued by the IASB which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 April 2023.

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

Except as described below, the application of the new and amendments to IFRS Accounting Standards in the current year had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments IAS 1 and IFRS Practice Statement 2

The Group has applied the amendments for the first time in the current year. IAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

2. ADOPTION OF NEW OR AMENDED IFRS ACCOUNTING STANDARDS (Continued)

IFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies set out in note 3 to the consolidated financial statements.

The following IFRS Accounting Standards which are potentially relevant to the Group’s financial statements have been issued but are not yet effective and have not been early adopted by the Group:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ¹
Amendments to IAS 1	Non-current Liabilities with Covenants ¹
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements ¹
Amendments to IAS 21	Lack of Exchangeability ²

1 Effective for annual periods beginning on or after 1 January 2024

2 Effective for annual periods beginning on or after 1 January 2025

3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far the Group has concluded that the application of these amendments will have no material impact on the consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied all the years presented unless otherwise stated. The adoption of IFRS Accounting Standards and the impacts on the Group’s financial statements, if any, are disclosed in note 2.

3.1 Basis of preparation

The financial statements have been prepared under the historical cost basis, except for investment properties, financial assets at fair value through profit or loss (“FVTPL”) and financial assets at fair value through other comprehensive income (“FVOCI”) which are stated at fair values. The measurement bases are fully described in the accounting policies below.

The financial statements are presented in RMB and all values are rounded to the nearest thousand (“RMB’000”), except when otherwise indicated.

It should be noted that accounting estimates and assumptions are used in preparing these financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the financial statements are disclosed in note 4 to the financial statements.

During the year ended 31 March 2024 and up to the date of the consolidated financial statements, the Mainland China property market remained weak. The Directors have considered the future liquidity and performance of the Group, its available sources of financing, past performance of management and policy trend in assessing whether the Group will have sufficient financial sources to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.1 Basis of preparation (Continued)

The Directors have internally reviewed the Group's cash flows projection prepared by the management, for a period of not less than fifteen months from 31 March 2024. Considering the continued support from a major contractor by deferring payment terms, and the Group's property held under development and property held for sale as available collateral for additional borrowings, the Directors are of the opinion that, taking into account the mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within fifteen months from 31 March 2024. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

3.3 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(i) Revenue from contract with customers

For revenue from sale of properties and pre-completion contracts for the sale of development properties in the ordinary course of business, customers obtain control of the properties when the properties are delivered and have been accepted. Revenue is thus recognised when the customers accept the properties. There are no other goods or services agreed to be provided in the contract and in practice. There is generally only one performance obligation. Payments are usually received in advance and recognised as contract liabilities. Costs such as stamp duty and sales commission directly attributable for obtaining a pre-sale property contract, if recoverable, are capitalised and recorded in contract cost assets.

A contract liability represents the Group's obligation to transfer properties to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

(ii) Revenue from other sources

Interest income is recognised on a time-proportion basis using the effective interest method.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease terms.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.4 Property, plant and equipment

Leases are recognised as right-of-use assets initially measured on a present value basis at the date at which the leased asset is available for use by the Group. These are presented within “Property, plant and equipment” in the consolidated statement of financial position.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is calculated to allocate the depreciable amounts of property, plant and equipment over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold interests in land/Right-of-use assets	2.5% or over the relevant lease term, whichever is shorter
Buildings	2.5%
Computers and other equipment	20.0%
Leasehold improvement	5.0%
Motor vehicles	20.0%

The assets’ residual values, useful lives and depreciation methods are reviewed, and adjusted, if appropriate, at each reporting date.

3.5 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at fair value.

Fair value is determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment properties. The carrying amounts recognised in the consolidated statement of financial position reflect the prevailing market conditions at the reporting date.

Gain or loss arising from either a change in fair value or the sale of investment properties is included in profit or loss for the period in which it arises.

For a transfer from properties held under development and properties held for sale to investment properties that is carried at fair value, any difference between fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.6 Properties held under development

Properties held under development which are held for future sale are included in current assets and comprise certain leasehold interests in land (note 3.8) and capitalised depreciation of certain property, plant and equipment (note 12) and aggregate cost of development, materials and supplies, wages, and other expenses ("development costs"). Properties held under development are stated at the lower of cost and net realisable value except for the leasehold land element which is measured at cost less impairment if any. Other expenses included (a) those costs that are incurred in bringing the properties held under development to their present location and condition; and (b) a systematic allocation of fixed overheads that are incurred on development of properties. Fixed overheads are indirect costs which remain relatively constant regardless of the size or volume of the development.

On completion, the properties are transferred to properties held for sale. Cost is calculated using the weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and applicable selling expenses.

Properties held under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

3.7 Properties held for sale

In case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. The cost of completed properties held for sale comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Properties held for sale are stated at the lower of cost and net realisable value except for the leasehold land element which is measured at cost less impairment if any. Net realisable value is the estimated selling price in the ordinary course of business less estimated selling expenses.

3.8 Leases

Accounting as a lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value assets and leases for which at the commencement date gave a leases term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis.

Right-of-use asset

The right-of-use asset is initially recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. For right-of-use assets that meet the definition of an investment property (see note 3.5), they are carried at fair value and for right-of-use assets that meet the definition of a land and buildings held for own use (see note 3.4), they are carried at depreciated cost.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.8 Leases (Continued)

Right-of-use asset (Continued)

The Group accounts for land and buildings that are held for rental or capital appreciation purpose under IAS 40 and are carried at fair value. The Group accounts for land and buildings which are held for own use under IAS 16 and are carried at depreciated cost. Other than the above right-of-use assets, the Group also has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of asset apart from the land and buildings which are held for own use.

Accounting as a lessor

The Group has leased out its investment properties to tenants. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

Any changes in the scope of the consideration for a lease that was not part of the original terms and conditions of the lease are accounted for as lease modifications. The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, recognising the remaining lease payments as income on either a straight-line basis or another systematic basis over the remaining lease term.

3.9 Financial Instruments

(i) Financial assets

A financial asset (unless it is an accounts receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Debt instruments

There are two measurement categories into which the Group classifies its debt instruments:

Debt instruments, including other receivables, amounts due from subsidiaries and cash and bank balances that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investment at FVOCI is measured at fair value. Dividend income is recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.9 Financial Instruments (Continued)

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss (“ECL”) on financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets’ original effective interest rate.

The Group measured loss allowances for accounts receivable using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provisional matrix that is based on the Group’s historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, ECLs are based on lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition and debt investment securities that are determined to have low credit risk at the reporting date, in which case the allowance will be based on the 12-month ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the debtors is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group considers a financial asset to be credit-impaired when:

- significant financial difficulty of debtor;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(ii) Impairment loss on financial assets (Continued)

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in “FVOCI reserve (recycling)”.

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred.

Financial liabilities at amortised cost including accruals and other payables, bank and other loans and amounts due to related parties. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at FVTPL is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the loss allowance, being the ECL provision measured in accordance with principles of the accounting policy set out in note 3.9; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of IFRS 15.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.10 Accounting for income tax

Income tax comprises current tax and deferred tax. Changes in deferred tax assets or liabilities are recognised in the profit or loss or in other comprehensive income or directly in equity.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Except for goodwill arising on investments in subsidiaries and associates where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under IAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and;
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.10 Accounting for income tax (Continued)

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3.11 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, less pledged deposits.

3.12 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of property, plant and equipment and investments in subsidiaries and associates to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e., the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit, 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 or cash generating unit.

3.13 Retirement benefit costs and short term employee benefits

Retirement benefits to employees

Pursuant to the relevant regulations in the People's Republic of China ("PRC"), the Group has participated in a local municipal government retirement benefit scheme (the "Scheme"), whereby the Group is required to contribute a certain percentage of basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees in the PRC. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. The Group's contributions to the Scheme are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.13 Retirement benefit costs and short term employee benefits (Continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

3.14 Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.15 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3.16 Provisions and contingent liabilities

Provisions are generally recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.17 Related parties

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Group or the Company, directly or indirectly, including any directors (whether executive or otherwise) of the Group or the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.17 Related parties (Continued)

- (b) An entity is related to the Group if any of the following conditions apply:
- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

Fair value of investment properties, and properties held for sale upon transfer to investment properties

Properties held under development and properties held for sale upon transfer to investment properties of the Group were stated at fair value in accordance with the accounting policy. The fair value of the investment properties is determined by a firm of independently qualified professional surveyors and the fair value of investment properties as at the reporting dates and properties held for sale upon transfer to investment properties are set out in notes 13 and 19 respectively. Such valuation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. During the year ended 31 March 2024, properties held for sale with carrying amount of approximately RMB11,120,000 (2023: RMB917,000) were transferred to investment properties.

Impairment of other receivables

The Group's management assesses the collectability of other receivables by determining future cash flows. This estimate is based on assumptions about risk of default and expected loss rates. A considerable amount of judgement is required in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates. Management will reassess the provision at the reporting date. Where the expectation is different from the original estimate, such differences will affect the carrying value of receivables and thus the impairment loss in the period in which such estimate is changed. The carrying amounts of the Group's other receivables as at 31 March 2024 were approximately RMB89,077,000 (2023: RMB81,944,000) respectively.

Net realisable value of properties held for sale and properties held under development

Management determines the net realisable value of properties held for sale and properties held under development by using prevailing market data such as most recent sale transactions and valuation of the projects in its existing partially completed state of construction taking into account cost of work done, and cost to completion from gross development value assuming satisfactory completion.

These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions. The carrying amounts of the Group's properties held under development and properties held for sale as at 31 March 2024 were approximately RMB1,346,491,000 (2023: RMB1,633,603,000) and RMB478,604,000 (2023: RMB156,601,000) respectively.

4.2 Critical judgements in applying the entity's accounting policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Key sources of estimation uncertainty

(i) Revenue recognition

Revenue from sales of properties is recognised at a point in time when the buyer obtains control of the completed property; otherwise, revenue is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.2 Critical judgements in applying the entity's accounting policies (Continued)

Key sources of estimation uncertainty (Continued)

(i) Revenue recognition (Continued)

Due to the contractual restrictions with the customer, the Group shall not change or substitute the property unit or redirect the property unit for another use and thus the property unit does not have an alternative use to the Group. However, it requires management to exercise significant judgement to determine whether there is an enforceable right to payment for performance completed to date, which depends on the terms of sales and purchase agreement and the interpretation of the applicable laws that apply to the contract. The Group has obtained legal counsel opinion regarding the enforceability of the right to payment for sales and purchase agreements. Management uses judgements, based on legal counsel opinion, to classify sales and purchase agreements into those with right to payment for performance completed to date and those without the right.

The Group believes that its recognition basis of sales as set out in note 3.3 is appropriate and is the current practice in the PRC.

(ii) Estimates of current tax and deferred tax

The Group is subject to taxation in various jurisdictions. Significant judgement is required in determining the amount of the provision of taxation and the timing of payment of the related taxation. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in periods in which such determination are made.

The Group is subject to Land Appreciation Tax ("LAT") in the PRC. However, the implementation and settlement of this tax varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its LAT calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related LAT. The Group recognised LAT based on management's best estimates according to the understanding of the tax rules.

5. SEGMENT INFORMATION

The Group is principally engaged in the business of property development in PRC. For the years presented, executive directors have determined the Group has only one single component/reportable segment as the Group is only engaged in the business of sale and lease of properties which is the basis to allocate resources and assess performance.

The single operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segment, have been identified as the executive directors that make strategic decisions.

The Group's revenue from external customers is derived from the PRC (country of domicile) and its non-current assets (other than deferred tax assets) are located in the PRC. There is no single customer that contributed to 10% or more of the Group's revenue for the years ended 31 March 2024 and 2023.

The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the non-current assets is based on the physical location of the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

6. REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES

The Group's revenue from contracts with customers recognised at a point in time, other income and other gains and losses recognised during the year are as follows:

	Group	
	2024	2023
	RMB'000	RMB'000
Revenue		
Sale of properties held for sale	349,085	31,049
Other income and other gains and losses		
Exchange (loss)/gain, net	(15)	5
Gain on disposal of financial assets at FVTPL	-	24
Net fair value (loss)/gain on financial assets at FVTPL	(26)	8
Net fair value loss of investment properties	(1,634)	(2,120)
Fair value gain on the day transfer from properties held for sale	2,430	363
Loss on written-off of property, plant and equipment	-	(23)
Interest income		
- from bank deposits	1,973	382
- from other receivables	1,380	443
- from structured bank balances	195	92
	3,548	917
Rental income	2,315	1,750
Sundry income	252	537
	6,870	1,461

The following table provides information about contract cost assets from contracts with customers.

	Group	
	2024	2023
	RMB'000	RMB'000
Contract cost assets	15,359	15,581

Contract cost assets mainly relate to the incremental cost for the sales of properties.

Contract costs capitalised as at 31 March 2024 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of "selling and distribution expenses" in the consolidated statement of comprehensive income in the period in which revenue from the related property sales is recognised. Capitalised costs of approximately RMB17,805,000 was recognised in profit or loss during the year ended 31 March 2024 (2023: nil). There was no impairment in relation to the costs capitalised during the year ended 31 March 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

6. REVENUE, OTHER INCOME AND OTHER GAINS AND LOSSES (Continued)

The following table provides information about contract liabilities from contracts with customers.

	Group	
	2024	2023
	RMB'000	RMB'000
Contract liabilities	503,256	532,933

Contract liabilities mainly relate to the deposits received from customers for sales of properties.

Contract liabilities of approximately RMB277,935,000 as of 31 March 2023 (1 April 2022: RMB800,000) were recognised as revenue during the year from acceptance of properties by customers and the contract liabilities as at 31 March 2024 and 2023 were arising from the advance considerations received from customers.

As at 31 March 2024, contract liabilities or the aggregated amount of the deposits received from the remaining performance obligations under the Group's existing contracts was approximately RMB503,256,000 (2023: RMB532,933,000). This amount represents revenue expected to be recognised in the future from approximately acceptance of properties by customers. The Group will recognise the expected revenue in future, which is expected to occur in the next 1 to 24 months.

7. FINANCE COSTS

	Group	
	2024	2023
	RMB'000	RMB'000
Interest charges on financial liabilities stated at amortised cost:		
Bank and other loans	8,104	22,514
Less: amount capitalised in properties held under development	(5,909)	(18,710)
	2,195	3,804

(a) The analysis shows the finance costs of bank and other loans, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayments dates set out in the loan agreements. For the year ended 31 March 2024, the interests on a bank loan contain a repayment on demand clause and bank and other loans have no demand clause amounted to approximately RMB324,000 (2023: RMB330,000) and RMB7,780,000 (2023: RMB22,184,000) respectively.

(b) The weighted average capitalisation rate of borrowings was 5.82% (2023: 5.65%) per annum for the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

8. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after charging/(crediting):

	Group	
	2024	2023
	RMB'000	RMB'000
Auditors' remuneration	714	676
Depreciation of property, plant and equipment (note 12)	4,822	3,891
Cost of properties held for sale recognised as expense	244,862	15,335
Short-term lease expenses	155	146
Outgoings in respect of investment properties that generated rental income during the year	287	219
Provision for impairment losses under expected credit loss model	842	–
Employee costs, including directors' remuneration		
- Wages and salaries	9,814	10,773
- Retirement benefit scheme contributions – defined contribution plans	2,011	1,769
Less: amount capitalised in properties held under development	(1,799)	(2,995)
	10,026	9,547
Other taxes	986	2,012

9. INCOME TAX EXPENSE/(CREDIT)

	Notes	Group	
		2024	2023
		RMB'000	RMB'000
Current tax – PRC			
- Enterprise income tax (“EIT”)	(a)	13,945	4,464
- LAT	(b)	8,579	5,719
Over-provision in respect of prior years – PRC			
- LAT	(b)	–	(15,301)
		22,524	(5,118)
Deferred income tax (note 17)		3,137	(439)
Total income tax expense/(credit)		25,661	(5,557)

Notes:

- (a) EIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2023: 25%).

Under the law of the PRC on EIT, corporate withholding income tax is levied on the foreign investor for the dividends distributed out of the profits generated by the foreign investment enterprises. The Group's applicable withholding income tax rate is 5% (2023: 5%).

- (b) LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including cost of land use rights, borrowing costs, and all property development expenditures. The tax is incurred upon transfer of property ownership. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

9. INCOME TAX EXPENSE/(CREDIT) (Continued)

Reconciliation between income tax expense/(credit) and accounting profit/(loss) at the applicable tax rate is as follows:

	Group	
	2024	2023
	RMB'000	RMB'000
Profit/(loss) before income tax	62,557	(12,294)
Tax on profit/(loss) before taxation, calculated at the rates applicable to profit/(loss) in the jurisdiction concerned	15,639	(3,073)
Tax effect of non-taxable income	(887)	(680)
Tax effect of non-deductible expenses	4,475	5,383
Provision for LAT for the year	8,579	5,719
Tax effect on EIT of LAT payable	(2,145)	2,395
Over-provision in respect of prior years	-	(15,301)
Total income tax expense/(credit)	25,661	(5,557)

10. DIVIDENDS

The Board has resolved not to declare final dividend to the Shareholders for the years ended 31 March 2024 and 2023.

11. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share attributable to owners of the Company is based on the following data:

	2024	2023
	RMB'000	RMB'000
Earnings/(loss)		
Earnings/(loss) for the purpose of calculating basic earnings per share (profit/(loss) for the year attributable to owners of the Company)	31,062	(6,330)
Number of shares		
Number of ordinary shares in issue during the year for the purpose of calculating basic earnings/(loss) per share	512,311,024	512,311,024

The diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share, as the Group has no dilutive potential shares during the current and prior years.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

12. PROPERTY, PLANT AND EQUIPMENT

Group

	Computers and other equipment RMB'000	Motor vehicles RMB'000	Leasehold interests in land/ right-of-use assets RMB'000	Buildings RMB'000	Leasehold improvement RMB'000	Total RMB'000
As at 1 April 2022						
Cost	5,037	2,813	8,097	30,045	19,357	65,349
Accumulated depreciation	(3,618)	(2,813)	(4,354)	(4,092)	(4,308)	(19,185)
Carrying amount	1,419	-	3,743	25,953	15,049	46,164
Year ended 31 March 2022						
Opening carrying amount	1,419	-	3,743	25,953	15,049	46,164
Transfer from properties held for sales (note 19)	-	-	-	8,576	-	8,576
Additions	277	-	-	-	725	1,002
Written-off	(23)	-	-	-	-	(23)
Depreciation	(614)	-	(234)	(1,329)	(1,717)	(3,894)
Exchange difference	1	-	22	170	21	214
Closing carrying amount	1,060	-	3,531	33,370	14,078	52,039
As at 31 March 2023 and 1 April 2023						
Cost	4,946	2,813	8,121	38,795	20,163	74,838
Accumulated depreciation	(3,886)	(2,813)	(4,590)	(5,425)	(6,085)	(22,799)
Carrying amount	1,060	-	3,531	33,370	14,078	52,039
Year ended 31 March 2024						
Opening carrying amount	1,060	-	3,531	33,370	14,078	52,039
Additions	-	116	-	-	-	116
Depreciation	(384)	(23)	(244)	(2,251)	(1,939)	(4,841)
Exchange difference	-	-	55	290	123	468
Closing carrying amount	676	93	3,342	31,409	12,262	47,782
As at 31 March 2024						
Cost	4,946	2,929	8,176	39,085	20,286	75,422
Accumulated depreciation	(4,270)	(2,836)	(4,834)	(7,676)	(8,024)	(27,640)
Carrying amount	676	93	3,342	31,409	12,262	47,782

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Buildings held by the Group are located in the PRC and Hong Kong. As at 31 March 2024, the Group's certain buildings of approximately RMB5,720,000 (2023: RMB5,653,000) were pledged for bank loans (note 25) of the Group.

Depreciation charges have been included in:

	2024 RMB'000	2023 RMB'000
Depreciation for the year	4,841	3,894
Capitalised in properties held under development	(19)	(3)
	4,822	3,891

The depreciation of right-of-use assets charged to profit or loss for the year ended 31 March 2024 was approximately RMB244,000 (2023: RMB234,000).

13. INVESTMENT PROPERTIES

	Group	
	2024 RMB'000	2023 RMB'000
Carrying amount at beginning of the year	58,580	59,420
Transfer from properties held for sale	11,120	917
Fair value gain on the day transfer from properties held for sale	2,430	363
Net fair value loss charged to profit or loss	(1,634)	(2,120)
Exchange difference	(46)	-
Carrying amount at end of the year	70,450	58,580

The investment properties included leasehold interests in land located in the PRC with lease terms expiring from 2032 to 2049 (2023: 2032 to 2049). As at 31 March 2024, the building ownership certificates of certain investment properties of the Group with carrying amount of approximately RMB170,000 (2023: RMB180,000) have not yet been obtained. In the opinion of the independent PRC legal advisors of the Group, the Group is entitled to obtain the building ownership certificates without legal impediment and is entitled to lawfully and validly use the investment properties during the year.

Certain investment properties are leased to non-related parties under leases (note 30).

During the years ended 31 March 2024 and 2023, properties held for sale with carrying amount of approximately RMB11,120,000 (2023: RMB917,000) (note 19) were transferred to investment properties as these properties were under lease arrangements with third parties during the year to earn rental, rather than for sale in the ordinary course of business of the Group. The fair value of these properties upon transfer to investment properties was approximately RMB13,550,000 (2023: RMB1,280,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

13. INVESTMENT PROPERTIES (Continued)

The fair values of the investment properties as at 31 March 2024 and 2023 were revalued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a firm of independent qualified professional surveyors who have the recent experience in the location and category of property being valued, which were based on the direct comparison approach, assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market while appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject properties; and the income approaches by taking into account the net rental income derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate.

The fair value of investment properties is a level 3 recurring fair value measurement. A reconciliation of the opening and closing fair value balance is provided below.

	2024 RMB'000	2023 RMB'000
Opening balance (level 3 recurring fair value)	58,580	59,420
Transfer from properties held for sale	11,120	917
Fair value gain on the day transfer from properties held for sale	2,430	363
Change in revaluation of investment properties included in other income and other gains and losses	(1,634)	(2,120)
Exchange difference	(46)	-
Closing balance (level 3 recurring fair value)	70,450	58,580

The following table shows the significant unobservable inputs used in the valuation model:

Properties	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable input to fair value
Shop units in the PRC	3	Income approach	Term yield	4.5% - 5.5% (2023: 4.5% - 5.5%)	The higher the term yield, the lower the fair value.
			Reversionary yield	5.5% - 6.0% (2023: 5.5% - 6.0%)	The higher the reversionary yield, the lower the fair value.

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2024	2023
	RMB'000	RMB'000
Unlisted investments, at cost	278,608	278,608

Particulars of subsidiaries, each of which is a limited liability company, were as follows:

Name	Place of incorporation/ establishment	Principal activities and place of business	Effective percentage of equity interest held by the Company	
			2024	2023
Directly held:				
Modernland Developments Limited	British Virgin Islands ("BVI")	Investment holding, Hong Kong	100%	100%
Far East Construction Limited	Hong Kong	Investment holding, Hong Kong	100%	100%
Loerie Investments Limited	BVI	Investment holding, Hong Kong	100%	100%
Ho Hong (HK) Management Company Limited	Hong Kong	Investment holding, Hong Kong	100%	100%
Winner Champ Investment Limited	Hong Kong	Investment holding, Hong Kong	100%	100%
Indirectly held:				
Pan Hong Investment Limited	Hong Kong	Investment holding, Hong Kong	100%	100%
Wiseidea Investments Limited	BVI	Investment holding, Hong Kong	100%	100%
All Grace Corporation Limited	Hong Kong	Investment holding, Hong Kong	100%	100%
Hangzhou Liyang Housing and Landing Development Co., Ltd.	PRC	Property development, PRC	100%	100%
Huzhou Liyang Housing and Landing Development Co., Ltd.	PRC	Property development, PRC	100%	100%
Huzhou Luzhou Housing and Landing Development Co., Ltd.	PRC	Property development, PRC	100%	100%
Huzhou Delong Real Estate Co., Limited ("Huzhou Delong") (note (b))	PRC	Property development, PRC	86.75%	86.75%
Huzhou Hongjin Market Construction & Development Co., Limited	PRC	Property development and investment, PRC	100%	100%
Modern China Holdings Limited	Hong Kong	Investment holding, Hong Kong	100%	100%
Huzhou Pan Hong Runyuan Housing and Land Development Company Limited	PRC	Property development, PRC	100%	100%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

14. INVESTMENTS IN SUBSIDIARIES (Continued)

Particulars of subsidiaries, each of which is a limited liability company, were as follows: (Continued)

Name	Place of incorporation/ establishment	Principal activities and place of business	Effective percentage of equity interest held by the Company	
			2024	2023
Indirectly held: (Continued)				
Huzhou Runho Import and Export Trading Limited	PRC	Investment management, general trading and consultancy services, PRC	100%	100%
Huzhou Pan Hong Runhe Property Development Limited	PRC	Property development, PRC	100%	100%
Hangzhou Runtai Business Services Company Limited	PRC	Property consultation services, PRC	100%	100%
Huzhou Pogang Hotel Company Limited	PRC	Operating and managing hotel, PRC	100%	100%
Shanwei Pan Hong Runhe Property Development Limited	PRC	Property development, PRC	100%	100%

The financial statements of the above subsidiaries were audited by BDO Limited, Hong Kong, for statutory purpose and/or for the purpose of the Group consolidation of the Company.

Notes:

- The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.
- Set out below are the summarised financial information for Huzhou Delong, a subsidiary that has non-controlling interests which is material to the Group, before any elimination.

Huzhou Delong

Summarised statement of financial position

	2024 RMB'000	2023 RMB'000
Current		
Assets	357,510	533,919
Liabilities	(165,061)	(385,499)
Total net current assets and net assets	192,449	148,420
Accumulated non-controlling interests	25,499	19,665

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

14. INVESTMENTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(b) (Continued)

Huzhou Delong

Summarised statement of comprehensive income

	2024	2023
	RMB'000	RMB'000
Revenue	341,423	–
Expenses	(297,394)	(3,070)
Profit/(loss) for the year	44,029	(3,070)
Total comprehensive income	44,029	(3,070)
Total comprehensive income attributable to non-controlling interests	5,834	(407)

Summarised statement of cash flows

	2024	2023
	RMB'000	RMB'000
Cash flows from operating activities		
Cash generated from operations	86,478	29,559
Interest received	144	101
Income tax paid	(7,565)	–
Net cash generated from operating activities	79,057	29,660
Cash flows from investing activity		
Purchases of property, plant and equipment	(58)	(9)
Net cash used in investing activity	(58)	(9)
Cash flows from financing activities		
Proceed from new borrowings	35,000	–
Repayment of bank borrowings	(110,000)	(50,000)
Repayment to a related party	–	(4,000)
(Repayment to)/advance from fellow subsidiaries	(32,000)	54,100
Interest paid	(2,917)	–
Net cash (used in)/generated from financing activities	(109,917)	100
Net (decrease)/increase in cash and cash equivalents	(30,918)	29,751
Cash and cash equivalents at beginning of the year	33,766	4,015
Cash and cash equivalent at the end of the year	2,848	33,766

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

15. INTEREST IN AN ASSOCIATE

	Group	
	2024	2023
	RMB'000	RMB'000
Share of net assets	1,794	1,806

Details of the associate are as follows:

Name	Place of establishment	Principal activities and place of operation	Paid-up registered capital	Percentage of equity interest held by the Group	
				2024	2023
Huzhou Yunlan Tourism Development Co., Ltd. ("Huzhou Yunlan") (note)	PRC	Dormant, PRC	5,000,000	40%	40%

Note:

In June 2019, the Group established Huzhou Yunlan with Huzhou Xinshuo Eco-agriculture Development Co., Ltd. ("Huzhou Xinshuo") and Hangzhou Lvlan Cultural Tourism Development LLP ("Hangzhou Lvlan").

The shareholdings held by the Group, Huzhou Xinshuo and Hangzhou Lvlan are 40%, 30% and 30% respectively.

Pursuant to the Huzhou Yunlan's Memorandum and Articles of Association, the Group will be injecting a capital of RMB4,000,000 (the "Huzhou Yunlan Consideration") to invest 40% equity stake in Huzhou Yunlan as its pro rata share of the registered capital. The Huzhou Yunlan Consideration will be satisfied by payment of cash.

As at 31 March 2024 and 2023, RMB2,000,000, RMB1,500,000 and RMB1,500,000 of the registered capital of Huzhou Yunlan were paid by the Group, Huzhou Xinshuo and Hangzhou Lvlan.

The following table illustrates the aggregate financial information of the Group's associate which are not material:

	2024	2023
	RMB'000	RMB'000
Share of the associate's loss and comprehensive income for the year ended 31 March	12	12
Aggregate carrying amount of the Group's interest in an associate as at 31 March	1,794	1,806

As at 31 March 2024, the Group's associate does not have any contingent liabilities and capital commitment (2023: nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Company	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
Equity instrument measured at FVOCI				
Unlisted equity investment	25,220	26,547	15,193	15,992

As at 31 March 2024, balance of approximately RMB 25,220,000 (2023: RMB26,547,000) represented carrying amount of 16.6% (2023: 16.6%) equity interest ("Investment") in Zhejiang Gene Stem Cell Biotech Company Limited ("Zhejiang GSCB") acquired by the Group. The director of the Company, Ms. Wang Cuiping is holding 16.6% of the Investment in trust for the Group pursuant to a declaration of trust. Zhejiang GSCB engages in the business of commercialisation of stem cell technology in the PRC. In the opinion of the independent PRC legal advisor of the Group, the trust agreement is legal and complies with PRC laws and regulations.

This Investment does not have a quoted market price in an active market and was irrevocably designated at FVOCI as the Group considered the Investment to be strategic nature.

Fair value for the equity investment has been measured as described in note 32(vii).

17. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred taxation is calculated in full on temporary differences under the balance sheet liability method using principal taxation rates of 25% for the year (2023: 25%). The movement on the deferred tax assets/(liabilities) is as follows:

	Group		Total RMB'000
	Deferred tax assets in respect of provision for LAT	Deferred tax liabilities in respect of fair value change of investment properties	
	RMB'000	RMB'000	
As at 1 April 2022	6,551	(4,789)	1,762
Deferred tax credited to profit or loss (note 9)	–	439	439
Exchange difference	–	90	90
As at 31 March 2023 and 1 April 2023	6,551	(4,260)	2,291
Deferred tax charged to profit or loss (note 9)	(2,938)	(199)	(3,137)
Exchange difference	–	78	78
As at 31 March 2024	3,613	(4,381)	(768)

Deferred tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has no material unrecognised tax losses to carry forward against future taxable income as at 31 March 2024 and 2023.

Withholding rate of 5% or 10% is imposed on dividends distributed to foreign investors. As at 31 March 2024, deferred tax liabilities amounted to approximately RMB30,703,000 (2023: RMB29,299,000) in respect of aggregate amount of temporary difference of approximately RMB614,055,000 (2023: RMB585,982,000) associated with undistributed earnings of subsidiaries have not been recognised. No deferred tax liabilities have been recognised in respect of these differences because the Group is in a position to control the dividend policies of these subsidiaries and it is probably that such differences will not be released in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

18. PROPERTIES HELD UNDER DEVELOPMENT

	Group	
	2024	2023
	RMB'000	RMB'000
Leasehold interests in land	1,033,350	1,165,890
Development costs	299,709	437,524
Finance costs capitalised	13,432	30,189
	1,346,491	1,633,603

As at 31 March 2024, properties held under development amounting to approximately RMB950,873,000 (2023: RMB1,187,507,000) were not scheduled to be sold within twelve months.

Leasehold interests in land are located in the PRC and have lease terms expiring from 2055 to 2091 (2023: 2055 to 2091). The Group's leasehold interests in land are analysed as follows:

	Group	
	2024	2023
	RMB'000	RMB'000
Leasehold interests in land held on:		
- Leases of over 30 years	1,033,350	1,165,890

Right-of-use assets related to interests in leasehold land where the interest in the land is held for development of inventories and are included in the same line item as properties held under development.

As at 31 March 2024, bank loans of the Group were secured by the Group's properties held under development located in Huzhou City of approximately RMB381,624,000 (2023: RMB420,443,000) (note 25).

19. PROPERTIES HELD FOR SALE

	Group	
	2024	2023
	RMB'000	RMB'000
Completed properties held for sale	478,604	156,601

Properties held for sale included leasehold interests in land located in the PRC with lease terms expiring from 2046 to 2090 (2023: 2046 to 2085). As at 31 March 2024, the carrying value of the operating lease up-front payments on the leasehold interests in land amounted to approximately RMB89,631,000 (2023: RMB39,211,000).

During the years ended 31 March 2024 and 2023, properties held for sale with carrying value of RMB11,120,000 (2023: RMB917,000) were transferred to investment properties as these properties were under lease arrangements with third parties during the year to earn rental income (note 13).

During the year ended 31 March 2023, properties held for sale with a carrying value of approximately RMB8,576,000 were transferred to owner-occupied properties due to change in use (note 12).

As at 31 March 2024, bank loans of the Group were secured by the Group's properties held for sale located in Huzhou City of approximately RMB13,059,000 (2023: RMB30,882,000) (note 25).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

20. PREPAYMENTS AND OTHER RECEIVABLES

	Notes	Group		Company	
		2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Prepayments	(a)	6,999	28,042	236	125
Other receivables	(b)	89,077	81,944	-	-
		96,076	109,986	236	125

Notes:

- (a) As at 31 March 2024, the prepayments included advances of RMB4,489,000 (2023: RMB27,259,000) made to contractors for purchase of construction materials.
- (b) As at 31 March 2024, other receivables of the Group due from certain independent third parties of approximately RMB16,346,000 (2023: RMB20,600,000) were unsecured, interest-bearing at interest rate of 8% (2023: ranged from 8% to 12%) and repayable on demand.

The remaining balances were unsecured, non-interest bearing and repayable on demand.

The Group recognises loss allowance for other receivables for the years ended 31 March 2024 and 2023 respectively based on the accounting policies stated in note 3.9. Further details of the Group's credit policy and credit risk arising from other receivables are set out in note 32(iii).

21. AMOUNTS DUE FROM/(TO) SUBSIDIARIES AND RELATED PARTIES

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Amounts due from subsidiaries	-	-	365,554	365,554
Amounts due to:				
- subsidiaries	-	-	(340,735)	(337,817)
- a related company	(9,386)	(8,897)	-	-
- a related person	(78,400)	(78,400)	-	-
	(87,786)	(87,297)	(340,735)	(337,817)

Amounts due from/(to) subsidiaries and related parties were unsecured, non-interest bearing and repayable on demand and to be settled in cash.

As at 31 March 2024 and 2023, amount due to a related company comprised balances due to Pan Hong Company Limited, in which Mr. Wong Lam Ping, the controlling shareholder of the Company, is the beneficial owner.

As at 31 March 2024 and 2023, amounts due to a related person comprised balance to Mr. Wong Ching, an immediate family member of Mr. Wong Lam Ping, the controlling shareholder of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2024 RMB'000	2023 RMB'000
Current		
Listed equity securities held for trading	54	80
Financial assets at FVTPL are as follows:		
- Hong Kong	-	10
- the PRC	54	70
	54	80

Note:

The fair value of the Group's investment in listed securities has been determined by reference to their quoted bid prices at the end of reporting period.

For more detailed information in relation to the fair value measurement of the items above, please refer to note 32(vii).

23. CASH AND BANK BALANCES

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Cash and bank deposits	93,066	212,201	154	153
Less:				
Deposits restricted for construction works	(79,436)	(171,827)	-	-
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	13,630	40,374	154	153

As at 31 March 2024, approximately RMB90,612,000 (2023: RMB210,427,000) was deposited with banks in the PRC. These balances were mainly denominated in RMB (2023: RMB). RMB is not freely convertible into foreign currencies. Under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange regulations, the Group is permitted to exchange RMB for foreign currencies through banks in the PRC that are authorised to conduct foreign exchange businesses.

24. ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Accruals and other payables	341,201	232,713	24	24

Accrued construction costs and other project-related expenses were included in accruals and other payables, which amounted to approximately RMB215,559,000 as at 31 March 2024 (2023: RMB96,362,000). The amount was accrued based on the terms of the relevant agreements and project progress and was not billed and overdue for payment as at the end of the reporting period.

Except for the mentioned above, the remaining balances of accruals and other payables of the Group were unsecured, interest-free and repayable on demand as at the end of the reporting period.

Subsequent to the year end, the subsidiaries of the Company have entered into arrangements with a major contractor to defer construction contracts' payment terms.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

25. BANK AND OTHER LOANS

	Note	Group	
		2024 RMB'000	2023 RMB'000
Bank loans - secured		67,768	280,611
Other loan - unsecured		35,000	35,000
Total borrowings	(a)	102,768	315,611

The analysis of the carrying amount of the bank and other loans is as follows:

	Note	Group	
		2024 RMB'000	2023 RMB'000
Current			
Portion of other loan due for repayment within one year		35,000	35,000
Portion of bank loans due for repayment within one year		25,000	245,000
Portion of bank loans due for repayment within one year which contain repayment on demand clause		2,650	2,513
Portion of bank loans due for repayment after one year which contain repayment on demand clause	(b)	618	3,098
Non-current			
Portion of bank loans due for repayment after one year		39,500	30,000
		102,768	315,611

The Group's bank and other loans are repayable as follows:

	Group	
	2024 RMB'000	2023 RMB'000
Within one year or on demand	63,268	285,611
After one year	39,500	30,000
	102,768	315,611

Notes:

- (a) As at 31 March 2024, the effective interest rates of the Group's secured bank and other loans were approximately 5% - 8% (2023: 3% - 8%) and 4.44% (2023: 4.66%) per annum respectively.
- (b) As at 31 March 2024, current liabilities included bank loans of RMB618,000 (2023: RMB3,098,000) that were not scheduled to repay within one year. They were classified as current liabilities as the related loan agreements contain a clause that provided the lender with an unconditional right to demand repayment at any time at its own discretion.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

25. BANK AND OTHER LOANS (Continued)

The carrying amounts of the Group's bank and other loans are denominated in the following currencies:

	Group	
	2024	2023
	RMB'000	RMB'000
RMB	99,500	310,000
HK\$	3,268	5,611

As at 31 March 2024, the outstanding balances of bank loans in HK\$ were approximately HK\$3,541,000 (2023: HK\$6,413,000).

As at 31 March 2024, bank loans of the Group were:

- (i) secured by the Group's property, plant and equipment of approximately RMB5,720,000 (2023: RMB5,653,000) (note 12);
- (ii) guaranteed by the Company and the controlling shareholder of the Group, Mr. Wong Lam Ping; and
- (iii) secured by the Group's properties held under development and properties held for sale located in Huzhou City of approximately RMB381,624,000 and RMB13,059,000, respectively (2023: RMB420,443,000 and RMB30,882,000) (notes 18 and 19).

As at 31 March 2024 and 2023, the Group's other loan was guaranteed by an independent third party.

26. SHARE CAPITAL AND TREASURY SHARES

Share capital

Movement of share capital of the Company is summarised below:

	Number of shares	RMB'000
Authorised:		
Ordinary shares		
As at 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	5,100,000,000	517,374
Issued and fully paid:		
Ordinary shares		
As at 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	518,855,024	52,241

Ordinary shares

Fully paid ordinary shares carry one vote per share. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

26. SHARE CAPITAL AND TREASURY SHARES (Continued)

Treasury shares

Pursuant to the resolutions approved by the shareholders at the extraordinary general meeting held on 22 July 2009, for the proposal of (i) amendments to the Bye-laws of the Company; and (ii) adoption of Share Purchase Mandate, the details of which were set out in the Company's circular dated 29 June 2009, to rationalise the Company the flexibility to undertake share purchase at any time, subject to market conditions, during the validity period of the Share Purchase Mandate. The directors believed that the Share Purchase Mandate provided the Company with a mechanism to facilitate the return of any surplus cash in excess of the Group's working capital requirements in an expedient and cost-efficient manner.

Details of treasury shares of the Company are summarised as below:

	Number of shares	RMB'000
As at 1 April 2022, 31 March 2023, 1 April 2023 and 31 March 2024	6,544,000	12,817

27. RESERVES

(a) Group

	Notes	2024 RMB'000	2023 RMB'000
Treasury shares (note 26)	(i)	(12,817)	(12,817)
Merger reserve	(ii)	(2,243)	(2,243)
Statutory reserve	(iii)	100,173	95,657
Capital reserve	(iv)	3,838	3,838
Other reserve	(v)	85,452	85,452
Exchange reserve	(vi)	(11,375)	(11,495)
Retained earnings		815,251	788,705
FVOCI reserve	(vii)	(6,128)	(4,801)
		972,151	942,296

The amounts of the Group's reserves and the movements therein for the year ended 31 March 2024 and 2023 are presented in the consolidated statement of changes in equity of the financial statements.

Notes:

- (i) The treasury shares reserve is used to record the shares being repurchased by the Company but not yet cancelled at the end of reporting period. The amounts will be reversed upon the repurchased shares being cancelled (note 26).
- (ii) The merger reserve of the Group arose as a result of the reorganisation exercise completed on 9 September 2006 and represented the difference between the nominal value of the Company's shares issued under the reorganisation exercise and the nominal value of the aggregate share capital and share premium of the subsidiaries then acquired.
- (iii) According to the relevant PRC laws, the subsidiaries are required to transfer at least 10% of its net profit after tax, as determined under the PRC accounting regulation, to a statutory reserve until the reserve balance reaches 50% of the subsidiaries' registered capital. The transfer to this reserve must be made before the distribution of dividend to the subsidiaries' equity owners. The statutory reserve is non-distributable other than upon the liquidation of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

27. RESERVES (Continued)

(a) Group (Continued)

- (iv) The capital reserve arose from the capitalisation of statutory reserve of the PRC subsidiaries.
- (v) Other reserve arose from transactions undertaken in restructuring exercise.
- (vi) The exchange reserves comprise all foreign exchange differences arising from the translation of the financial statements of the relevant companies in the Group whose functional currency are different from that of the Group's presentation currency which is RMB and are non-distributable.
- (vii) Balance represents fair value reserve comprises the cumulative net change in the fair value of equity investment designated at FVOCI under IFRS 9 that are held at the end of the reporting period.

(b) Company

	Notes	2024 RMB'000	2023 RMB'000
Treasury shares (note 26)	(a)(i)	(12,817)	(12,817)
Merger reserve		59,579	59,579
Retained earnings		222,590	225,396
FVOCI reserve	(a)(vii)	(2,607)	(1,808)
		266,745	270,350

The merger reserve of the Company arose as a result of the reorganisation exercise completed on 9 September 2006 and represents the excess of the nominal value of the Company's shares issued in exchange therefore over the then consolidated net assets value of the subsidiaries then acquired.

28. CAPITAL MANAGEMENT

The Group's objectives when managing capital are:

- (i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for stakeholders;
- (ii) To support the Group's stability and growth; and
- (iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

Management regards total equity as capital. The amount of capital as at 31 March 2024 amounted to approximately RMB1,049,891,000 (2023: RMB1,014,202,000) which the management considers as optimal having consider the projected capital expenditures and the projected strategic investment opportunities.

Certain banking facilities granted to a subsidiary require the subsidiary to adhere to certain capital requirements. It is required to maintain certain net worth or gearing ratios within specific financial thresholds. Except as disclosed in note 27(a)(iii) on statutory reserves, the Group is not subject to any other externally imposed capital requirements for the years ended 31 March 2024 and 2023. The Group has complied with all externally imposed capital requirements as described above for the years ended 31 March 2024 and 2023.

The Group's overall strategy remains unchanged from 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

29. COMMITMENTS

Except as disclosure elsewhere in these financial statements, the Group had the following outstanding capital commitments:

	Group	
	2024	2023
	RMB'000	RMB'000
Contracted but not provided for in respect of		
- properties held under development of the Group	76,680	349,145

The Company did not have any commitments as at 31 March 2024 and 2023.

30. LEASES

- (a) The Group had future aggregate minimum lease receipts under non-cancellable leases in respect of its properties as follows:

	Group	
	2024	2023
	RMB'000	RMB'000
Not later than one year	1,929	1,182
Later than one year and not later than five years	5,651	3,960
After five years	17	592
	7,597	5,734

The Group leases out certain investment properties and properties held for sale which run for initial periods of one to seven years (2023: one to seven years), without an option to renew the lease terms at the expiry date. None of the leases includes contingent rentals.

The Company does not have any lease receipts under non-cancellable leases.

- (b) The Group leases a number of properties under lease arrangements that run for initial periods of one year without an option to renew the lease terms at the expiry date. None of the leases include contingent rentals.

The Company does not have any lease payments under non-cancellable leases.

	Group	
	2024	2023
	RMB'000	RMB'000
Aggregate undiscounted commitments for short term lease	-	4

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

31. CONTINGENCIES

Mortgage loan arrangements with banks

As at 31 March 2024 and 2023, the Group has arranged mortgage loan facility for certain purchasers of property units and provided guarantees to secure obligations of repayments. As at 31 March 2024, the outstanding guarantees amounted to RMB68,873,000 (2023: RMB69,781,000). Such guarantees terminate upon earlier of (i) issuance of the real estate ownership certificate which will generally be available within one or two years after the purchasers take possession of the relevant properties; and (ii) the satisfaction of mortgaged loans by the purchasers of properties. No provision for the Group's obligation under the guarantees has been made as the directors considered that it was not probable that the repayments of the loans would be default.

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group does not consider that it is probable that a claim will be made against the Group under the financial guarantee contracts at the end of reporting period. Accordingly, the Group does not expect any net cash outflows resulting from the financial guarantee contracts.

As at 31 March 2024, the Company has issued corporate guarantee amounting to RMB3,268,000 (2023: RMB5,611,000) to the bank for banking facilities of a subsidiary.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group does not have written risk management policies and guidelines. However, the directors meet periodically to analyse and formulate measures to manage the Group's exposure to market risk, including principally changes in interest rates and currency exchange rates. Generally, the Group employs a conservative strategy regarding its risk management. As the directors of the Company consider that the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

As at 31 March 2024 and 2023, the financial assets of the Group comprise other receivables, financial assets at FVTPL, financial asset at FVOCI and cash and bank balances. The financial liabilities of the Group comprise accruals and other payables, amount due to related parties and bank and other loans.

(i) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk mainly arises from bank balances, other receivables and bank and other loans which bore interests at fixed and floating interest rates. Bank and other loans arranged at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The interest rate and repayment terms of the bank and other loans outstanding at the end of the reporting period are disclosed in note 25.

Interest rate sensitivity

If the interest rates had been increased/decreased by 100 basis points at the beginning of the year and all other variables were held constant, the Group's profit after tax for the year would increase/decrease by approximately RMB98,000 (2023: loss after tax for the year would increase/decrease approximately RMB1,586,000) respectively.

The calculations are based on the Group's relevant financial instruments held at each reporting date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rate over the period until the next annual reporting date. Changes in saving interest rates have no impact on the Group's other components of equity. The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the next twelve month period.

The sensitivity analysis included in the financial statements for the year ended 31 March 2023 has been prepared on the same basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Foreign currency risk

Most of the Group's transactions are carried out in RMB which is the functional currency of most of the group entities. Exposures to currency exchange rates arise from certain of the Group's cash and bank balances and amounts due to related company which are denominated in HK\$ and US\$. The Group does not use derivative financial instruments to hedge its foreign currency risk. The Group reviews its foreign currency exposures regularly and will consider hedging significant foreign currency exposure should the need arises.

Foreign currency risk exposure

The following table details the Group's exposure at the reporting date to foreign currency risk from bank balances and amount due to a related company denominated in a currency other than the functional currency of the Company and its subsidiaries.

	Group	
	2024	2023
	RMB'000	RMB'000
Bank deposits denominated in		
- HK\$	2,246	1,679
- US\$	2	20
Amount due to a related company denominated in		
- HK\$	(9,386)	(8,897)

The Company's exposure to foreign currency risk is not material and therefore no sensitivity in respect of foreign currency risk is presented.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and financial assets. The Group's credit risk is primarily attributable to other receivables and cash and bank balances. The management has a credit policy and the exposures to credit risks are monitored on an ongoing basis.

In respect of other receivables, individual credit evaluations are performed on all counterparties requiring credit over a certain amount. These evaluations focus on the counterparties' past history of making payments when due and current ability to pay, and take into account information specific to the counterparties as well as pertaining to the economic environment in which the counterparties operates. Normally, the Group does not obtain collateral from counterparties.

None of the Group's financial assets are secured by collateral or other credit enhancements.

The Group performs ongoing credit evaluation of its counterparties' financial positions.

Expected loss rates are based on actual loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Credit risk (Continued)

The Group measures loss allowances for other receivables and bank balances at an amount equal to 12-month ECLs. The credit risk on other receivables is limited because the counterparties have no historical default record and the directors expect that the general economic conditions will not significantly change for the 12 months after the reporting date. As at 31 March 2024, the gross carrying amount of other receivables is approximately RMB91,416,000 (2023: RMB83,441,000) and loss allowances was RMB2,339,000 (2023: RMB1,497,000) respectively.

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings. Based on the Group's internal credit rating, no material impairment loss allowance is recognised for other receivables and bank balances.

The Group's cash and bank balances are mainly balances with state-owned banks in the PRC and a reputable bank in Hong Kong. As at 31 March 2024, the Group had approximately 95% (2023: 87%) bank balances placed with two banks in the PRC.

Movement in the loss allowance account in respect of other receivables during the year is as follows:

	RMB'000
Balances as at 1 April 2022, 31 March 2023, 1 April 2023	1,497
Provision for the year	842
and 31 March 2024	2,339

The Group monitors and assesses at each reporting date on any indicator of significant increase in credit risk on the other receivables. As at 31 March 2024, there was no indication that credit risk has increased significantly hence, other receivables was measured at 12-month expected credit loss model and subject to credit loss above.

As at 31 March 2024 and 2023, the Group has no other receivables due from a related party, and no concentration of credit risk.

The Company's credit risk is primarily attributable to amounts due from subsidiaries.

The credit risk on these financial assets of the Company is limited because the counterparties have no historical default record and the directors expect that the general economic conditions will not significantly change for the 12 months after the reporting date.

Financial guarantee

The principal risk to which the Group and the Company is exposed to is credit risk in connection with guarantee contracts which have been issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in note 31.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Group's future cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity risk

The Group's objective is to ensure adequate funds to meet commitments associated with its financial liabilities. Cash flows are closely monitored on an ongoing basis. The Group will raise funds from the realisation of its assets if required.

As at 31 March 2024 and 2023, the remaining contractual maturities of the Group's financial liabilities which are based on undiscounted cash flows and the earliest date the Group can be required to pay are summarised below.

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the sole discretion of the bank and other financial institution, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other borrowings is prepared based on the scheduled repayment dates.

Group

	Carrying amount RMB'000	Total contractual undiscounted cash flows RMB'000	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	Over 1 year RMB'000
As at 31 March 2024						
- Accruals and other payables	341,201	341,201	341,201	-	-	-
- Amounts due to related parties	87,786	87,786	87,786	-	-	-
- Interest-bearing bank and other loans	102,768	106,904	3,481	41,024	21,935	40,464
	531,755	535,891	432,468	41,024	21,935	40,464
- Financial guarantees issued: maximum amount guaranteed	-	68,873	68,873	-	-	-
As at 31 March 2023						
- Accruals and other payables	232,713	232,713	232,713	-	-	-
- Amounts due to related parties	87,297	87,297	87,297	-	-	-
- Interest-bearing bank and other loans	315,611	326,570	5,611	122,108	166,070	32,781
	635,621	646,580	325,621	122,108	166,070	32,781
- Financial guarantees issued: maximum amount guaranteed	-	69,781	69,781	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity risk (Continued)

The table that follows summarises the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the “on demand” time band in the maturity analysis above. Taking into account the financial positions of the companies in the Group, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Maturity analysis – Bank and other borrowings subject to a repayment on demand clause based on scheduled repayments				
	Less than 3 months RMB'000	3 to less than 12 months RMB'000	Over 1 year RMB'000	Total undiscounted amount RMB'000	Carrying amount RMB'000
31 March 2024	628	2,176	677	3,481	3,268
31 March 2023	592	1,977	3,329	5,898	5,611

As at 31 March 2024 and 2023, all financial liabilities held by the Company are either repayable on demand or due to repay within one year.

The Group/Company has not recognised in its financial statements the corporate guarantees issued for the facilities issued as disclosed in note 31. The financial guarantees have not been allocated to the earliest period in which the guarantee could be called upon on as the Group/Company does not consider it probable that a claim will be made against the Group/Company (note 32(iii)).

(v) Fair value

The fair values of the Group's financial assets and liabilities not measured at fair value are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The carrying amount of the Group's bank and other loans approximate the fair value as the current lending rates for similar types of lending arrangements are not materially different from the rates obtained by the Group.

(vi) Equity price risk

The Group is exposed to equity price risk through its investment in listed equity securities which are classified as at FVTPL (note 22). The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles and will consider hedging the risk exposure should the need arise. As the investment in listed equity securities represents a small percentage of the Group's net assets, the equity price risk is minimal.

(vii) Fair value measurements recognised in the statement of financial position

Management of the Group oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation. Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and IFRS 13 Fair Value Measurement guidance.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(vii) Fair value measurements recognised in the statement of financial position (Continued)

For valuations performed by external valuation experts, the management reviews the appropriateness of the valuation methodologies and assumptions adopted. The management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The following table presents financial assets and liabilities measured at fair value in the statements of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety based on the lowest level of input that is significant to the fair value measurement.

The financial assets measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

Group

	Notes	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Year ended 31 March 2024					
Financial asset at FVTPL					
Securities held for trading					
- Listed	(a)	54	-	-	54
Financial assets at FVOCI					
Unlisted equity investment	(b)	-	-	25,220	25,220
Year ended 31 March 2023					
Financial asset at FVTPL					
Securities held for trading					
- Listed	(a)	80	-	-	80
Financial assets at FVOCI					
Unlisted equity investment	(b)	-	-	26,547	26,547

There was no transfer between levels during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(vii) Fair value measurements recognised in the statement of financial position (Continued)

Reconciliation for financial instrument carried at fair value based on significant unobservable inputs (Level 3) are as follows:

Unlisted equity investment

	Group	
	2024 RMB'000	2023 RMB'000
At the beginning of the year	26,547	27,478
Total gains or losses:		
- in other comprehensive income	(1,327)	(931)
At the end of the year	25,220	26,547

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

(a) Listed securities

The listed debt and equity securities are denominated in HK\$ and RMB. Fair values have been determined by reference to their quoted bid prices at the reporting date and have been translated using the spot foreign currency rates at the end of the reporting period where appropriate.

(b) Unlisted equity investment

The fair value of the unlisted equity investment in Zhejiang GSCB is estimated using a discounted cash flow method.

Significant unobservable inputs

	2024	2023
Weighted average cost of capital	15%	15%
Long term revenue growth rate	2%	2%
Long term pre tax operating margin	55%	52%

Assuming all other variables are held constant; an increase in weighted average cost of capital by 1% would decrease the fair value of Zhejiang GSCB by a further RMB2,440,000 (2023: RMB2,709,000), an increase in long term revenue growth rate by 1% would increase the fair value of Zhejiang GSCB by RMB1,176,000 (2023: RMB1,430,000), and an increase in long term pre tax operating margin by 1% would increase the fair value of Zhejiang GSCB by RMB251,000 (2023: RMB296,000).

There was no change in valuation techniques during the period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

33. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and liabilities as recognised at 31 March 2024 and 2023 may also be categorised as follows. See note 3.9 for explanations about how the category of financial instruments affects their subsequent measurement.

Financial Assets

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
- Financial assets at FVTPL	54	80	-	-
- Financial asset at FVOCI	25,220	26,547	15,193	15,992
Financial assets measured at amortised cost				
- Other receivables	89,077	81,944	-	-
- Due from subsidiaries	-	-	365,554	365,554
- Cash and bank balances	93,066	212,201	154	153
	207,417	320,772	380,901	381,699

Financial Liabilities

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Financial liabilities measured at amortised cost				
- Accruals and other payables	341,201	232,713	24	24
- Bank and other loans	102,768	315,611	-	-
- Due to related parties	87,786	87,297	340,735	335,817
	531,755	635,621	340,759	335,841

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

34. NOTE TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Bank and other loans RMB'000	Interests payable RMB'000	Amounts due to related parties RMB'000	Total RMB'000
As at 1 April 2022	302,520	–	86,337	388,857
Changes from cash flows:				
Proceed from new borrowings	85,000	–	–	85,000
Repayments of borrowings	(72,510)	–	–	(72,510)
Interest paid	–	(22,514)	–	(22,514)
Advance from a related party	–	–	300	300
Total changes from cash flows	12,490	(22,514)	300	(9,724)
Other changes:				
Interest expenses	–	22,514	–	22,514
Exchange difference	601	–	660	1,261
Total other changes	601	22,514	660	23,775
As at 31 March 2023 and 1 April 2023	315,611	–	87,297	402,908
Changes from cash flows:				
Proceed from new borrowings	35,000	–	–	35,000
Repayments of borrowings	(248,125)	–	–	(248,125)
Interest paid	–	(8,104)	–	(8,104)
Total changes from cash flows	(213,125)	(8,104)	–	(221,229)
Other changes:				–
Interest expenses	–	8,104	–	8,104
Exchange difference	282	–	489	771
Total other changes	282	8,104	489	8,875
As at 31 March 2024	102,768	–	87,786	190,554

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2024

35. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following material related party transactions:

	Notes	Group	
		2024 RMB'000	2023 RMB'000
Car park rental expense charged by			
- Spouse of Mr. Wong Lam Ping	(a)	55	52
Rental income charged to			
- A related company	(b)	329	316

Notes:

- (a) During years ended 31 March 2024 and 2023, Ms. Chan Heung Ling ("Ms. Chan"), the spouse of Mr. Wong Lam Ping, entered into an agreement of car park rental for HK\$60,000 per year.
- (b) Mr. Wong Lam Ping and Ms. Chan have beneficial interests in the related company.

Included in staff costs are key management personnel compensation of the Group and Company during the financial year as follows:

	Group		Company	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Directors' fee	719	634	719	634
Short-term employment benefits	1,901	1,955	-	-
Post-employment benefits	69	31	-	-
	2,689	2,620	719	634

PROPERTY PORTFOLIO

Description	Location	Type	Site Area in respect of entire project (sq.m.)	Planned Gross Floor Area (sq.m.)	Tenure	Effective Group Interest (%)	Approximate Percentage Sold and Delivered (%)	Expected Completion Date
COMPLETED PROPERTIES								
Huzhou Liyang Jingyuan Phase 2	No. 579 Longxi Bei Road and Land No. 5 Huzhou Economic and Technological Development Zone, Huzhou City, Zhejiang Province, the PRC	C	17,251	C: 12,149	C: Expiring on 19 February 2046	100%	100%	Completed
Hangzhou Liyang Yuan	Shenhua Road Xihu District, Hangzhou City, Zhejiang Province, the PRC	R, C	7,833	R: 24,921 C: 7,842	R: Expiring on 14 December 2076 C: Expiring on 14 December 2046	100%	R: 100% C: 100%	Completed
Huzhou Hua Cui Ting Yuan Phase 1	Taihu Meidong, Huzhou Development Zone, Huzhou City, Zhejiang Province, the PRC	R, C	58,386	R: 44,006 C: 7,471	R: Expiring on 18 November 2080 C: Expiring on 18 November 2050	100%	R: 99% C: 0%	Completed
Huzhou Hua Cui Ting Yuan Phase 2	Taihu Meidong, Huzhou Development Zone, Huzhou City, Zhejiang Province, the PRC	R, C	66,667	R: 50,400 C: 3,547	R: Expiring on 18 November 2080 C: Expiring on 18 November 2050	100%	R: 100% C: 100%	Completed
Pan Hong Run Yuan Phase 1	2nd Ring West Road, Southwest District Huzhou City, Zhejiang Province, the PRC	R, C	102,972	R: 103,648 C: 6,967	R: Expiring on 30 December 2079 C: Expiring on 30 December 2049	100%	R: 100% C: 33%	Completed
Pan Hong Run Yuan Phase 2	2nd Ring West Road, Southwest District Huzhou City, Zhejiang Province, the PRC	R, C	102,972	R: 96,720 C: 6,456	R: Expiring on 30 December 2079 C: Expiring on 30 December 2049	100%	R: 100% C: 0%	Completed
Pan Hong Run He	South of Jiashan Road of the Southwest District, on the east of Jinji Hill Site, on the north of the New District 2nd Road, Huzhou City, Zhejiang Province, the PRC	R, C	118,274	R: 166,804 C: 8,335	R: Expiring on 16 August 2085 C: Expiring on 16 August 2055	100%	R: 97% C: 62%	Completed
Run Ze Yuan	Taihu Meidong, Taihu Resort Zone, Huzhou City, Zhejiang Province, the PRC	R, C	43,608	R: 63,489 C: 704	R: Expiring on 30 January 2090 C: Expiring on 30 January 2060	86.75%	R: 44% C: 0%	Completed
PROPERTIES HELD UNDER DEVELOPMENT								
Run Hong Yuan	Fenghuang West, Wuxing District, Huzhou City, Zhejiang Province, the PRC	R, C	36,122	R: 61,536 C: 2,402	R: Expiring on 29 May 2090 C: Expiring on 29 May 2060	100%	N.A.	Q1CY2025

PROPERTY PORTFOLIO

Description	Location	Type	Site Area in respect of entire project (sq.m.)	Planned Gross Floor Area (sq.m.)	Tenure	Effective Group Interest (%)	Approximate Percentage Sold and Delivered (%)	Expected Completion Date
FUTURE PROJECTS								
Shanwei Project	East of Zhan Qian Road, on the south of the Hong Hai Wan Avenue of Shanwei City, Guangdong Province, the PRC	R, C	92,622	R: 277,866	R: Expiring on 9 May 2091	100.00%	N.A.	Under planning
PROPERTIES HELD FOR INVESTMENT								
28 bicycle space of Xinya Jianyuan	Nos. 678 to 688 Shiyuan Road, Nanxun Town, Huzhou City, Zhejiang Province, the PRC	C	N.A.	228	C: Expiring on 24 April 2040	100%	N.A.	Completed
Various retail units on Level 2 of Nanxun Commercial Complex	Tai'an Road Nanxun Town, Huzhou City, Zhejiang Province, the PRC	C	N.A.	2,530	C: Expiring on 30 December 2032	100%	N.A.	Completed
Various retail units on Level 1 and 3 of Hongjin Commercial Plaza	Balidian Town, Huzhou City, Zhejiang Province, the PRC	C	N.A.	4,919	C: Expiring on 03 January 2046	100%	N.A.	Completed
Various retail units of Pan Hong Run Yuan	2nd Ring West Road, Southwest District Huzhou City, Zhejiang Province, the PRC	C	N.A.	5,888	C: Expiring on 30 December 2049	100%	N.A.	Completed
Various retail units of Pan Hong Run He	South of Jiashan Road of the Southwest District, on the east of Jinji Hill Site, on the north of the New District 2nd Road, Huzhou City, Zhejiang Province, the PRC	C	N.A.	132	C: Expiring on 16 August 2055	100%	N.A.	Completed
PROPERTIES OCCUPIED BY THE GROUP								
Room 1214-15	Unit Nos 14 and 15 on 12th Floor of Tower B, Hunghom Commercial Centre, No 37 Ma Tau Wai Road, Hunghom Kowloon	C	N.A.	390	C: Expiring on 15 September 2047	100%	N.A.	Completed
No. 25 Building, Huzhou Liyang Jingyuan Phase 1	Land No. 5 Huzhou Economic and Technological Development Zone, Huzhou City, Zhejiang Province, the PRC	C	N.A.	1,408	C: Expiring on 19 February 2046	100%	N.A.	Completed

PROPERTY PORTFOLIO

Description	Location	Type	Site Area in respect of entire project (sq.m.)	Planned Gross Floor Area (sq.m.)	Tenure	Effective Group Interest (%)	Approximate Percentage Sold and Delivered (%)	Expected Completion Date
Various commercial units of Huzhou Hua Cui Ting Yuan Phase 1	Taihu Meidong, Huzhou Development Zone, Huzhou City, Zhejiang Province, the PRC	C	N.A.	4,671	C: Expiring on 18 November 2050	100%	N.A.	Completed
Various commercial units of Pan Hong Run Yuan	2nd Ring West Road, Southwest District Huzhou City, Zhejiang Province, the PRC	C	N.A.	1,726	C: Expiring on 30 December 2049	100%	N.A.	Completed

R: Residential
 C: Commercial and others
 N/A: Not applicable

SHAREHOLDERS' INFORMATION

As at 14 June 2024

Class of shares	:	Ordinary shares of HK\$0.10 each
Authorised share capital	:	HK\$510,000,000.00
Issued and fully paid-up capital	:	HK\$51,885,502.40
Number of Shares issued	:	518,855,024
Number of Shares issued (excluding Treasury Shares)	:	512,311,024
Number (Percentage) of Treasury Shares	:	6,544,000 (1.28%*)
Voting rights (excluding Treasury Shares)	:	One vote per share

* Percentage is calculated based on the total number of issued shares, excluding treasury shares.

The Company has no subsidiary holdings.

STATISTICS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 - 99	0	0.00	0	0.00
100 - 1,000	49	5.63	31,100	0.01
1,001 - 10,000	306	35.17	1,918,100	0.37
10,001 - 1,000,000	496	57.01	45,048,700	8.79
1,000,001 and above	19	2.19	465,313,124	90.83
	870	100.00	512,311,024	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 14 JUNE 2024

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Extra Good Enterprises Limited	288,000,000	56.22	-	-
Wong Lam Ping ⁽¹⁾ ⁽²⁾ ⁽³⁾	27,702,894	5.40	302,443,300	59.04
Chan Heung Ling ⁽¹⁾ ⁽²⁾	14,443,300	2.82	315,702,894	61.62

Notes:

- (1) Mr. Wong Lam Ping and Ms. Chan Heung Ling hold 52.0% and 48.0% of the issued share capital of Extra Good Enterprises Limited respectively. As such, both are deemed to be interested in the shares held by Extra Good Enterprises Limited in the capital of the Company.
- (2) Ms. Chan Heung Ling is the spouse of Mr. Wong Lam Ping and they are deemed to be interested in the shares held by each other.
- (3) Mr. Wong Lam Ping held 6,750,700 shares through Phillip Securities Pte Ltd.

SHAREHOLDERS' INFORMATION

As at 14 June 2024

TWENTY LARGEST SHAREHOLDERS AS AT 14 JUNE 2024

No.	Name of Shareholders	Number of Shares	%
1	EXTRA GOOD ENTERPRISES LIMITED	288,000,000	56.22
2	PHILLIP SECURITIES PTE LTD	49,678,023	9.70
3	CGS INTERNATIONAL SECURITIES SINGAPORE PTE LTD	24,058,100	4.70
4	WONG LAM PING	20,952,194	4.09
5	DBS NOMINEES PTE LTD	20,184,400	3.94
6	CHAN HEUNG LING	14,443,300	2.82
7	JUMBO KING HOLDINGS LIMITED	9,700,000	1.89
8	CITIBANK NOMINEES SINGAPORE PTE LTD	8,396,400	1.64
9	MAYBANK SECURITIES PTE. LTD.	4,354,600	0.85
10	LEW WING KIT	3,893,600	0.76
11	RAFFLES NOMINEES (PTE) LIMITED	3,585,507	0.70
12	ABN AMRO CLEARING BANK N.V.	2,815,200	0.55
13	LIM KIAN SENG (LIN JIANSHEN)	2,725,000	0.53
14	MOOMOO FINANCIAL SINGAPORE PTE. LTD.	2,692,300	0.53
15	UOB KAY HIAN PTE LTD	2,675,500	0.52
16	DB NOMINEES (SINGAPORE) PTE LTD	2,267,000	0.44
17	IWAN RUSLI @ LIE TJIN VAN	2,000,000	0.39
18	IFAST FINANCIAL PTE LTD	1,449,800	0.28
19	ONG WOEI LIANQ	1,442,200	0.28
20	MUHAMMED BIN HAJI ABDUL LATIFF	1,000,000	0.19

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

35.42% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST ON DIRECTORS SEEKING FOR RE-ELECTION

The following additional information on Ms. Wang Cuiping, Mr. Chung Yiu Kwong Nixon and Mr. Tan Kim Swee Bernard, all whom are seeking re-election as Directors at this Annual General Meeting, is to be read in conjunction with their respective biographies on pages 16 and 17 of this Annual Report.

	Wang Cuiping	Chung Yiu Kwong Nixon	Tan Kim Swee Bernard
Date of Appointment	14 August 2006	1 June 2024	1 June 2024
Date of last re-appointment (if applicable)	28 July 2021	-	-
Age	60	63	48
Country of principal residence	China	Hong Kong	Singapore
The Board's comments on this appointment (In the Company's case, the Board's comments on this re-election)	<p>The Nominating Committee (“NC”), having considered the attendance and participation of the Director at Board and Board Committees' meetings, in particular, Ms. Wang Cuiping's contribution to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of Ms. Wang Cuiping who will be retiring pursuant to Bye-Law 86(1) at the forthcoming Annual General Meeting (“AGM”) of the Company.</p> <p>The Board supported the NC's recommendation.</p> <p>Ms. Wang Cuiping had abstained from voting on any resolution and making any recommendation and/or participating in respect of her own re-election.</p>	<p>The NC, having considered Mr. Chung Yiu Kwong Nixon's track record, experience and capabilities to, amongst others, provide insight and guidance to the Group's business and strategies, had recommended to the Board the re-election of Mr. Chung Yiu Kwong Nixon who will be retiring pursuant to Bye-Law 85(6) at the forthcoming AGM of the Company.</p> <p>The Board supported the NC's recommendation.</p> <p>Mr. Chung Yiu Kwong Nixon had abstained from voting on any resolution and making any recommendation and/or participating in respect of his own re-election.</p>	<p>The NC, having considered Mr. Tan Kim Swee Bernard's track record, experience and capabilities to, amongst others, provide insight and guidance to the Group's business and strategies, had recommended to the Board the re-election of Mr. Tan Kim Swee Bernard who will be retiring pursuant to Bye-Law 85(6) at the forthcoming AGM of the Company.</p> <p>The Board supported the NC's recommendation.</p> <p>Mr. Tan Kim Swee Bernard had abstained from voting on any resolution and making any recommendation and/or participating in respect of his own re-election.</p>
Whether appointment is executive, and if so, the area of responsibility	<p>Executive</p> <p>Ms. Wang Cuiping is responsible for strategic planning and financial management, as well as the overall management of the Group.</p>	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Executive Officer	Independent Director	Independent Director
Professional qualifications	Please refer to the Directors' respective biographies on pages 16 and 17 of this Annual Report.		
Working experience and occupation(s) during the past 10 years	Please refer to the Directors' respective biographies on pages 16 and 17 of this Annual Report.		

**ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(6) OF
THE LISTING MANUAL OF THE SGX-ST ON DIRECTORS SEEKING FOR RE-ELECTION**

	Wang Cuiping	Chung Yiu Kwong Nixon	Tan Kim Swee Bernard
Shareholding interest in the listed issuer and its subsidiaries	Direct interest of 689,900 ordinary shares in the Company	Nil	Nil
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	Nil	Nil	Mr. Tan Kim Swee Bernard is a Founder and Managing Director of Quadrant Law LLP (“ Quadrant ”). Mr. Ng Keong Khoon (“ Mr. Samuel Ng ”) the Lead Independent Director of Pan Hong Holdings Group Limited (the “ Company ”), is a shareholder of Tassure Asia Bizservices Pte. Ltd. (“ Tassure ”). As a legal services provider, Quadrant occasionally provides legal services and free training to Tassure.
Conflict of interest (including any competing business)	Nil	Nil	Notwithstanding the above, neither Mr. Tan Kim Swee Bernard nor Mr. Samuel Ng has any conflict of interest with the Company.
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer – Yes / No	Yes	Yes	Yes

**ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(6) OF
THE LISTING MANUAL OF THE SGX-ST ON DIRECTORS SEEKING FOR RE-ELECTION**

	Wang Cuiping	Chung Yiu Kwong Nixon	Tan Kim Swee Bernard
Other Principal Commitments*	Nil	<ol style="list-style-type: none"> 1. Founder of Smartech Intelligence Limited 2. President of Hong Kong Polytechnic University Shanghai Alumni Network 3. Director of Inspiration Culture Development Company Group Company Limited (Licensee of Billboard Live Shanghai) 4. Chief Operating Officer of Norcal Venture Capital Group Limited and Aquarius Hospitality Development Company Limited 5. Director of AQ Booking.com Limited 6. Chairman and Founder of THE PLACE Shanghai (Global Winford Limited) 7. Managing of Director of Camloy International Limited 	Founder and Managing Director of Quadrant Law LLC
Other Directorships for the past 5 years	Nil	Nil	Characterist LLC
Other Present Directorships	Nil	<ol style="list-style-type: none"> 1. Founder of Smartech Intelligence Limited 2. President of Hong Kong Polytechnic University Shanghai Alumni Network 3. Director of Inspiration Culture Development Company Group Company Limited (Licensee of Billboard Live Shanghai) 4. Chief Operating Officer of Norcal Venture Capital Group Limited and Aquarius Hospitality Development Company Limited 5. Director of AQ Booking.com Limited 6. Chairman and Founder of THE PLACE Shanghai (Global Winford Limited) 7. Managing of Director of Camloy International Limited 	<ol style="list-style-type: none"> 1. Quadrant Law LLC 2. Revez Corporation Ltd.

ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST ON DIRECTORS SEEKING FOR RE-ELECTION

The Company confirms that the response to the declaration for the items (a) to (k) of Appendix 7.4.1 of the SGX-ST Listing Manual concerning the Director to be re-elected is a “no”.

** The term “principal commitments” shall include all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**” or “**Meeting**”) of Pan Hong Holdings Group Limited (the “**Company**”) will be held at Meeting Room Queen I & II, Level 2, Mercure Singapore Bugis, 122 Middle Road, Singapore 188973 on Friday, 26 July 2024 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and the Audited Financial Statements of the Company for the financial year ended 31 March 2024 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following Directors of the Company retiring pursuant to the Company’s Bye-Laws:

Ms Wang Cuiping	(retiring pursuant to Bye-Law 86(1))	(Resolution 2)
Mr Chung Yiu Kwong Nixon	(retiring pursuant to Bye-Law 85(6))	(Resolution 3)
Mr Tan Kim Swee Bernard	(retiring pursuant to Bye-Law 85(6))	(Resolution 4)

[See Explanatory Note (i)]
3. To note the retirements of Dr Choo Kian Koon and Dr Zheng Haibin as Directors of the Company pursuant to Bye-Law 86(1) of the Bye-Laws of the Company at the conclusion of the AGM.
[See Explanatory Note (ii)]
4. To approve the payment of Directors’ fees of S\$129,200 for the financial year ending 31 March 2025, to be paid quarterly in arrears. (FY2024: S\$132,420). **(Resolution 5)**
[See Explanatory Note (iii)]
5. To re-appoint BDO Limited, Certified Public Accountants, Hong Kong and BDO LLP, Public Accountants and Chartered Accountants, Singapore to act jointly and severally as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

7. **SHARE ISSUE MANDATE**

That pursuant to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), authority be given to the Directors of the Company to issue shares (“**Shares**”) whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

- (a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company (“**Shareholders**”) shall not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company;

NOTICE OF ANNUAL GENERAL MEETING

- (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under subparagraph (a) above, the percentage of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date of the passing of this Resolution, after adjusting for:
- (i) new shares arising from the conversion or exercise of convertible securities which were issued and are outstanding or subsisting at the time of the passing of this Resolution;
 - (ii) new shares arising from exercising share options or vesting of share awards which were issued and are outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-Laws for the time being of the Company; and
- (d) that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities.

[See Explanatory Note (iv)]

(Resolution 7)

8. THE PROPOSED RENEWAL OF SHARE PURCHASE MANDATE

- (a) That the Company be and is hereby authorised to purchase or otherwise acquire issued and paid up Shares not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:-
- (i) on-market purchases (each an **"On-Market Share Purchase"**) on the SGX-ST; and/or
 - (ii) off-market purchases (each an **"Off-Market Share Purchase"**) effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, and the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares in the foregoing manner be and is hereby authorised and approved generally and unconditionally (the **"Share Purchase Mandate"**);
- (b) unless varied or revoked by ordinary resolution of the Company in general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution, and expiring on the earliest of:-
- (i) the conclusion of the next Annual General Meeting of the Company; or
 - (ii) the date by which the next Annual General Meeting of the Company is required to be held; or
 - (iii) the date on which the purchase of Shares by the Company pursuant to the Share Purchase Mandate is carried out to the full extent mandated (the **"Relevant Period"**).

NOTICE OF ANNUAL GENERAL MEETING

(c) in this Ordinary Resolution:–

“**Maximum Limit**” means 10% of the total number of issued and paid-up ordinary shares of the Company as at the date of the passing of this Ordinary Resolution (excluding any treasury shares that may be held by the Company from time to time and subsidiary holdings); and

“**Maximum Price**” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:–

(i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price,

where:–

“**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) Market Days (“**Market Day**” being a day on which the SGX-ST is open for securities trading), on which transactions in the Shares were recorded, before the day on which the On-Market Share Purchase was made or as the case may be, the day of making of the offer for an Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five (5) Market Day period and the day on which the purchases are made; and

“**day of making of the offer**” means the day on which the Company makes an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase; and

(d) the Directors and each of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they/he/she may consider necessary, desirable, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution. **(Resolution 8)**

[See Explanatory Note (v)]

By Order of the Board

Ngai Ting Fung, Ian
Toh Li Ping, Angela
Company Secretaries

10 July 2024

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes to Resolutions to be passed –

- (i) The information relating to Ms Wang Cuiping, Mr Chung Yiu Kwong Nixon and Mr Tan Kim Swee Bernard as required under Rule 720(6) of the Listing Manual of the SGX-ST is set out on pages 126 to 129 of the Annual Report.

Mr Chung Yiu Kwong Nixon will, upon re-election as Director of the Company, be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr Tan Kim Swee Bernard will, upon re-election as Director of the Company, be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

- (ii) Item 3 above is to note the retirements of Dr Choo Kian Koon and Dr Zheng Haibin as Directors of the Company pursuant to Bye-Law 86(1) of the Bye-Laws of the Company. Each of Dr Choo Kian Koon and Dr Zheng Haibin has served as an Independent Director of the Company for more than nine years from the date of his first appointment.

In the spirit of good corporate governance, Dr Choo Kian Koon and Dr Zheng Haibin expressed that they are not seeking re-election. Accordingly, (i) Dr Choo Kian Koon shall retire as Independent Director of the Company, chairman of the Nominating Committee (“**NC**”) and members of the Audit Committee (“**AC**”) and the Remuneration Committee (“**RC**”); and (ii) Dr Zheng Haibin shall retire as Independent Director of the Company, chairman of the RC and a member of the AC, at the conclusion of the upcoming AGM.

Concurrently upon the conclusion of the upcoming AGM, the Board committees shall be reconstituted as follows:

- (a) Mr Chung Yiu Kwong Nixon, an incumbent Independent Director of the Company, shall be appointed as the chairman of the RC and a member of the AC.
- (b) Mr Tan Kim Swee Bernard, an incumbent Independent Director of the Company, shall be appointed as chairman of the NC and members of the AC and the RC.

Consequent to the aforesaid changes and upon the conclusion of the upcoming AGM, the Board and its Board committees shall be as follows:

Board of Directors	Designation	AC	NC	RC
Wong Sum	Executive Chairman	–	Member	–
Wang Cuiping	Executive Director and Chief Executive Officer	–	–	–
Ng Keong Khoon	Lead Independent Director	Chairman	Member	Member
Tan Kim Swee Bernard	Independent Director	Member	Chairman	Member
Chung Yiu Kwong Nixon	Independent Director	Member	–	Chairman

- (iii) The Ordinary Resolution 5 in item 4 above, if passed, is to approve the Directors’ fees of S\$129,200 for the financial year ending 31 March 2025 (“**FY2025**”), to be paid quarterly in arrears. The slight decrease in the proposed Directors’ fees for FY2025 compared to FY2024 is due to an adjustment in the Directors’ fees for the newly appointed Independent Directors with effect from 1 June 2024. The aggregate amount of Directors’ fees provided in Ordinary Resolution 5 is calculated on the assumptions that Dr Choo Kian Koon and Dr Zheng Haibin would retire as Directors of the Company pursuant to Bye-Law 86(1) of the Bye-Laws of the Company at the conclusion of the AGM and all other Independent Directors will hold office for the whole of FY2025. Should any Director hold office for only part of FY2025 and not the whole of FY2025, the Director’s fee payable to him/her will be appropriately pro-rated.
- (iv) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to twenty percent (20%) may be issued other than on a pro rata basis.
- (v) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the Directors from the date of this Meeting until the date the next Annual General Meeting is to be held or is required by law to be held, whichever is earlier, to make purchases (whether by way of On-Market Share Purchases or Off-Market Share Purchases on an equal access scheme) from time to time of up to 10% of the total number of issued Shares excluding any Shares which are held as treasury shares of the Company at prices up to but not exceeding the Maximum Price. The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition including the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are set out in greater details in the Addendum accompanying this Notice.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

General

1. The AGM of the Company will be held in a wholly physical format at Meeting Room Queen I & II, Level 2, Mercure Singapore Bugis, 122 Middle Road, Singapore 188973 and there will be no option for Shareholders to participate virtually (“**Physical Meeting**”). Shareholders and other attendees who are feeling unwell on the date of the AGM are advised not to attend the Physical Meeting.
2. Printed copies of the Annual Report for the financial year ended 31 March 2024, Notice of AGM and the Addendum in relation to the details of the Proposed Renewal of the Share Purchase Mandate and the relevant proxy forms will be sent to members.
3. Authenticated Shareholders and proxy(ies) will be able to ask questions in person at the Physical Meeting. Arrangements have also been put in place to permit Shareholders to submit their questions in advance of the AGM. Please refer to Notes 14 and 15 below for further details.
4. Live voting by poll will be conducted during the AGM for Shareholders and proxy(ies) attending the Physical Meeting.

Voting by proxy

5. A Shareholder (whether individual or corporate) who/which is entitled to attend, speak and vote at the AGM and hold two (2) or more Shares is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead, and must give specific instructions in the relevant proxy form (“**Proxy Form**”) as to voting, or abstentions from voting, failing which the appointment will be treated as invalid. A proxy need not to be a member of the Company.
6. Where a Shareholder appoints more than one (1) proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as percentage of the whole) to be represented by each proxy in the Proxy Form.
7. Persons who hold Shares through relevant intermediaries, other than Supplementary Retirement Scheme (“**SRS**”) and Central Provident Fund (“**CPF**”) investors, and who wish to participate in the AGM should contact the relevant intermediary through which they hold such Shares as soon as possible. Persons who hold Shares through relevant intermediaries, other than SRS and CPF investors, may (i) vote at the AGM if they are appointed as proxies by their respective relevant intermediaries; or (ii) specify their voting instructions to/arrange for their votes to be submitted with their respective relevant intermediaries, and should contact their respective relevant intermediaries as soon as possible in order for the necessary arrangements to be made.

“**relevant intermediary**” means:

- (a) a banking corporation licensed under the Banking Act 1970 of Singapore, 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 for securities under the Securities and Futures Act 2001 of Singapore, and who holds Shares in that capacity; or
- (c) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act 1953 of Singapore, 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 CPF Board holds those Shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

SRS/CPF investors may (a) vote at the AGM if they are appointed as proxies by their respective SRS Operator or CPF Agent Bank, and should contact their respective SRS Operator or CPF Agent Bank if they have any queries regarding their appointment as proxies; or (b) specify their voting instructions to arrange for their votes to be submitted with their respective SRS Operator or CPF Agent Bank, and should approach their respective SRS Operator or CPF Agent Bank at least 7 working days before the date of the AGM (i.e. by 5.00 p.m. on 16 July 2024) in order for the necessary arrangements to be made.

8. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any Proxy Form lodged if such members are not shown to have Shares entered against their names in the Depository Register (as defined in Part IIIA of the Securities and Futures Act 2001 of Singapore), as at forty-eight (48) hours before the time appointed for holding this AGM as certified by The Central Depository (Pte) Limited to the Company.
9. The Proxy Form must be submitted through any one of the following means:
 - (a) by depositing a physical copy at the registered office of the Company’s Singapore Share Transfer Agent, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896; or
 - (b) if submitted electronically, be submitted via email to the Company’s Singapore Share Transfer Agent, B.A.C.S. Private Limited at main@zicoholdings.com,

in each case, not later than 10.00 a.m. on 24 July 2024, being not less than forty-eight (48) hours before the time fixed for the AGM, and failing which, the Proxy Form will not be treated as valid.

NOTICE OF ANNUAL GENERAL MEETING

10. The Proxy Form must be executed under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised, failing which the Proxy Form may be treated as invalid. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
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.
12. The Company shall be entitled to reject the Proxy Form 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 Proxy Form.
13. Completion and submission of the Proxy Form shall not preclude a Shareholder from attending, speaking and voting at the AGM. Any appointment of a proxy or proxies (including the Chairman of the AGM) shall be deemed to be revoked if a Shareholder attends the AGM, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.

Submission of questions prior to the AGM

14. Shareholders and persons who hold Shares through a relevant intermediary (including SRS and CPF investors), or where applicable, their appointed proxy(ies) may submit substantial and relevant questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM or ask questions at the AGM.

In order to do so, their questions must be received by the Company no later than 10.00 a.m. on 18 July 2024 (“**Cut-Off Time**”), being at least seven (7) calendar days from the Notice of AGM. Such questions may be submitted in the following manner:

- (a) Shareholders (including SRS and CPF investors) may submit their questions:
 - (i) by email to Mr Ian Ngai, the Group Financial Controller of the Company, at panhong@pan-hong.com; or
 - (ii) by post or by depositing at the office of the Company’s Singapore Share Transfer Agent, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896; or
 - (b) persons who held Shares through relevant intermediaries (other than SRS and CPF investors) may submit questions through their relevant intermediary, who in turn may submit a consolidated list of questions to the Company’s Singapore Share Transfer Agent, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896, by email to main@zicoholdings.com; and
 - (c) Shareholders and persons who hold Shares through a relevant intermediary (including SRS and CPF investors) who submit questions in advance of the AGM should provide the following information to the Company (or, in the case of persons who hold Shares through a relevant intermediary, their relevant intermediary) for verification purposes:
 - (i) the Shareholder’s full name;
 - (ii) the Shareholder’s address, contact number and email; and
 - (iii) the manner in which the Shareholder holds Shares (e.g. if you hold Shares directly, please provide your NRIC/Passport No.; otherwise, please state if you hold your Shares through SRS, CPF or through a relevant intermediary).
15. The Company will endeavour to address all substantial and relevant questions (which are related to the resolutions to be tabled for approval at the AGM) received in advance of the AGM by publishing its responses to such questions, if any, on the Company’s corporate website at the following URL: <http://www.pan-hong.com/> and on SGXNET at the following URL: <https://www.sgx.com/securities/company-announcements> at least forty-eight (48) hours prior to the deadline for submission of Proxy Form, or otherwise, at the AGM.

Should there be subsequent clarification sought, or follow-up questions after the deadline of the submission of questions, the Company will address those substantial and relevant questions during the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.
 16. The Company will publish the minutes of the AGM within one (1) month after the AGM on the Company’s corporate website at the following URL: <http://www.pan-hong.com/> and on SGXNET at the following URL: <https://www.sgx.com/securities/company-announcements> and the minutes will include the responses to the substantial and relevant questions received from Shareholders which are addressed during the AGM.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

By submitting a Proxy Form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member'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, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member 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 member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



汎港控股
PAN HONG HOLDINGS

Pan Hong Holdings Group Limited
Room 1214, 12 Floor, Tower B
Hungohm Commercial Centre
37-39 Ma Tau Wai Road
Hungohm, Hong Kong
Tel: +852 2363 1300
Fax: +852 2764 2160

cre8
Tel: (65) 63278398