

PAN HONG HOLDINGS GROUP LIMITED

(Incorporated in Bermuda)
(Registration Number: 37749)



ADDITIONAL INFORMATION ON THE HALF-YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

The Board of Directors of Pan Hong Holdings Group Limited (the “**Company**”, or together with its subsidiaries the “**Group**”) refers to the Group’s half-year financial statement released to Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 10 November 2021 and would like to provide the following additional information in response to the following queries raised by SGX-ST:

Question 1

We refer to the Company's financial statements for the period ending 30 September 2021. We note that the Company has received a cash advance of RMB 70 million from Mr Wong Ching, a related party and interested person, as well as prepaid a consideration of RMB 408.5 million for the land parcel located in Shanwei City, Guangdong province, during the financial period. Please provide more details of the size, value, and future plans for the land parcel.

Company's response

Information of the land parcel

Location of the Land	:	The east of Zhan Qian Road (站前路), on the south of the Hong Hai Wan Avenue (红海湾大道) of Shanwei City, Guangdong Province, the PRC
Total Site Area	:	92,622 square metres
Maximum Gross Floor Area	:	277,866 square metres
Nature of the Land Use Rights	:	Residential and commercial use
Consideration	:	RMB717,000,000

Future plan

The Group is aiming to develop an iconic residential project on the land parcel. The Group is currently working on the overall project design, architectural plan design and room plan design with assistance of a professional and experienced design consultancy. The Group has also engaged a reputable engineering exploration service provider to perform geotechnical investigation of the project site.

The Group may consider developing the land parcel by phases after a thorough assessment of market conditions, policy environment as well as capital requirement.

Question 2

We note that the Company has provided the explanation for RMB 33,637,000 out of the total other receivables of RMB 114,423,000 as at 30 September 2021. Please disclose the breakdown and the nature of the other significant items that comprise the balance of RMB 80,786. Please also disclose the aging in bands of 3 months for the other receivables of RMB 114,423,000, stating the upper limit for each band. For any long outstanding items, please elaborate on the recoverability of the material items.

Company's response

Breakdown of other receivables and aging information (in RMB'000):

Categories by nature	Note	Balance at 2021.09.30	Aging in bands of 3 months				
			<=3 months	3-6 months	6-9 months	9-12 months	>12 months
Interest-bearing receivables	(A)	33,637		13,037			20,600
Deposited funds for property maintenance	(B)	29,231					29,231
Prepaid property deed tax	(C)	21,510		21,510			
Deposits paid to local government/court	(D)	17,637					17,637
Value-added tax (VAT) deductible	(E)	6,299	3,721	617	656	646	659
Others		6,109	Comprising of accounts with relatively small balance				
Total		114,423					

Notes:

- (A) Please refer to the Group's result announcement dated 10 November 2021. For the balances with aging over 12 months, the Group has continually received the agreed interest by instalments from the debtors as they fall due and not been aware of any impairment indicator (e.g. legal proceedings, signal of bankruptcy). Therefore, the Group is of the view that the balances are recoverable.
- (B) The balance represents deposited funds for maintenance of the properties developed by the Group. The balance is refundable upon expiration of the maintenance period.
- (C) The balance represents prepaid property deed tax associated with the acquisition of land parcel located in Shanwei City, Guangdong Province.
- (D) The balance represents guarantee deposit paid to the Construction Bureau of Huzhou City, Zhejiang Province, for fulfilment of construction obligations of the Group's property projects under development and deposit paid to the People's Court of Wuxing District, Huzhou City, Zhejiang Province for a land auction. The Group is of the view that there's no recoverability issue as the counter-parties are either government authority or court.
- (E) The balance represents input value-added tax (input VAT) paid upon incurrence of construction costs for the Group's property projects under development, which is eligible for deduction of output value-added tax (output VAT) payable upon transfer of control of the completed properties and recognition of revenue in the future.

By Order of the Board

Wong Sum
Executive Chairman
24 November 2021