PAN HONG HOLDINGS GROUP LIMITED
(Incorporated in Bermuda)
(Registration Number: 37749)

汎港控股
PAN HONG HOLDINGS

RESPONSES TO QUESTIONS FROM SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ON THE COMPANY'S ANNUAL REPORT FOR FINANCIAL YEAR ENDED 31 MARCH 2026

The Board of Directors ("**Board**") of Pan Hong Holdings Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**"), refers to questions raised by Securities Investors Association (Singapore) ("**SIAS**") in relation to the Company's annual report for the financial year ended 31 March 2026 ("**Annual Report 2026**").

The questions raised by SIAS and the Company's corresponding responses are set out below:

Q1. With selling prices continuing to decline during the first quarter of 2026, management reassessed the net realisable value of its properties held for sale and recognised a write-down of RMB204.3 million.

In the chairman's statement, the board highlighted China's 15th Five-Year Plan (2026 to 2030), which seeks to promote a more balanced and sustainable property market through initiatives such as expanding the Housing Provident Fund and supporting demand for higher quality housing.

(i) Since the introduction of these policy measures, has management observed any improvement in market conditions, such as higher enquiry levels, stronger buyer interest or improved transaction activity? Which policy initiatives have had the most meaningful impact on the group's operations and sales performance?

Company's response to Q1(i)

Since the introduction of the various supportive policy measures, the Group has observed improved market receptiveness through interaction with potential homebuyers. Sales enquiries and sales activity have been stimulated when compared with the period when market sentiment was particularly weak, although the pace of recovery has varied across different cities and projects.

Among the various policy initiatives, management believes that measures aimed at reducing the financing burden on homebuyers have been the most relevant to the Group's markets. These include the reductions in Housing Provident Fund loan interest rates and the lowering of the minimum down-payment requirement for first-time and second-time homebuyers. These measures have reduced the upfront and financing costs for eligible homebuyers and have generally supported market sentiment.

At the same time, the Group has also implemented more competitive pricing and sales initiatives in response to prevailing market conditions. Management considers that the improvement in sales activity reflects the combined effect of supportive government policies and the Group's proactive sales strategy. Given the interaction of these factors, it is not practicable to objectively attribute the observed improvement in sales activity to any individual policy measure.

While sales activity has shown signs of improvement, residential selling prices in the Group's operating markets remain under pressure amid the challenging market environment. Accordingly, the Board continues to adopt a prudent view of market conditions and remains focused on maintaining liquidity and accelerating inventory turnover.

(ii) In addition, how has management responded to these policy initiatives? How has it adapted its pricing, product positioning and sales strategy to capture demand arising from these measures?

Company's response to Q1(ii)

In response to evolving market conditions, the Group has focused on enhancing the competitiveness of its completed inventory through market-oriented pricing and targeted sales and marketing initiatives.

As the Group's inventory of properties held for sale primarily comprises completed residential properties, there is limited scope to materially alter product positioning. Management has therefore concentrated on adopting a more market-oriented pricing strategy to better reflect prevailing market conditions and facilitate inventory turnover.

The Group has also strengthened its sales efforts through targeted promotional initiatives, including seasonal sales campaigns and enhanced digital marketing efforts, with the objective of improving sales conversion, accelerating cash collection and preserving liquidity.

Management will continue to monitor market conditions and policy developments and adjust its commercial strategies where appropriate, while maintaining a disciplined approach to inventory management and cash flow.

As reflected in the Group's sales activity during the year, management believes that a combination of supportive policy measures and proactive commercial strategies has contributed to improved sales activity, although residential selling prices in the Group's operating markets remain under pressure amid the competitive market environment.

Notwithstanding these supportive policy initiatives, the group recognised a write-down of RMB204.3 million on properties held for sale during the year.

(iii) Could management explain how it reconciles the policy outlook with the continued deterioration in property values? What market assumptions underpin the current carrying values of the remaining inventory, and how sensitive are these valuations to further declines in selling prices?

Company's response to Q1(iii)

While the supportive policy measures introduced by the government authorities have contributed to improved market sentiment and sale activity, residential selling prices in the Group's operating markets remained under pressure amid the continued challenging market environment and intense market competition. As the decline in residential selling prices accelerated from the first quarter of 2026 onwards, accordingly, the Group reassessed the net realisable value ("**NRV**") of its properties held for sale as at 31 March 2026.

In reassessing the NRV of its properties held for sale, management adopted a prudent approach based on recent market transactions, prevailing prices of comparable properties and, where appropriate, independent professional valuation, rather than expectations of future policy outcomes. Based on this assessment, the Group recognised a write-down of RMB204.3 million in the financial year ended 31 March 2026 ("**FY2026**").

The carrying values of the remaining properties held for sale remain subject to changes in market conditions, particularly residential selling prices. Nevertheless, management considers that the carrying values of the remaining properties held for sale appropriately reflect the prevailing market conditions as at the reporting date.

Q2. In the financial review (page 12), it was disclosed that certain investment properties with carrying value of RMB31.9 million were written down by RMB16.5 million before being disposed of for RMB15.4 million.

The disposal price implies that the assets were ultimately realised at less than half of their previous carrying value.

(i) What does this imply about the robustness of the group's valuation methodology and impairment assessment process? Were there specific asset-related factors at play in causing a 52% valuation gap? Has the board reviewed whether similar valuation risks may exist elsewhere within the investment property portfolio?

Company's response to Q2(i)

The Group continues to consider the income approach to be the most appropriate valuation methodology for its investment properties, given the limited availability of comparable market transactions for investment properties of a similar nature in the Group's operating markets. Accordingly, the valuation methodology adopted by the independent professional valuer remained unchanged in FY2026.

While the valuation methodology remained unchanged, the independent professional valuer reviewed the key valuation assumptions and, where appropriate, updated them to reflect the prevailing market conditions and the latest available market evidence as at the reporting date. During FY2026, the Group completed the disposal of certain investment properties and, after the reporting date, certain other investment properties were also contracted for sale. These transaction prices formed part of the market evidence considered by the independent professional valuer in assessing the fair values of the Group's investment properties and, where appropriate, were reflected in the valuation of the remaining investment property portfolio as at 31 March 2026.

The Board, together with management and the independent professional valuer, also considered whether these transaction prices indicated broader valuation risks elsewhere within the investment property portfolio. Following this review, the Board was satisfied that the valuation methodology remained appropriate and that the fair values appropriately reflected the prevailing market conditions and observable market evidence as at 31 March 2026.

The fair value loss recognised in FY2026 therefore reflected updated market evidence and valuation assumptions, rather than a change in the valuation methodology.

In addition, the group recognised a write-down of RMB204.3 million (or about 26%) on properties held for sale, leaving a remaining carrying value of RMB582.5 million.

(ii) Could management provide a breakdown of the carrying values and impairment charges relating to Run Hong Yuan (润泓园) and Run Ze Yuan (润泽园)? Following the write-down, what level of valuation headroom does management believe remains, and how sensitive are the carrying values of these developments to further declines in selling prices?

Company's response to Q2(ii)

The carrying values and write-down of properties held for sale relating to the Group's two principal residential projects are set out below:

Project	Carrying values at 31 March 2026	Write-down recognised in FY2026
Run Hong Yuan	RMB283.4 million	RMB129.0 million
Run Ze Yuan	RMB199.5 million	RMB56.8 million

The write-down recognised in respect of these properties held for sale primarily reflected the continued decline in residential selling prices amid the challenging market environment and intense competition in their respective local markets. As explained in the Company's response to Question 1(iii), the decline in selling prices became more pronounced from the first quarter of 2026 onwards, resulting in a reassessment of the NRV of the Group's properties held for sale as at 31 March 2026.

Following the write-down recognised during FY2026, management considers that the carrying values of these developments appropriately reflect their estimated NRV based on the prevailing market conditions as at the reporting date. Management does not determine the carrying values of properties held for sale by reference to a predetermined valuation headroom. Rather, properties held for sale are measured based on management's estimate of their NRV as at the reporting date in accordance with the applicable accounting standards.

As with any assessment of NRV, the carrying values remain sensitive to future changes in residential selling prices and other market conditions. The Group will continue to monitor market developments and review the carrying values of its properties held for sale at each reporting date in accordance with the applicable accounting standards.

Management also disclosed that the group obtained the planning permit (建设工程规划许可证) for the Shanwei Project (汕尾) in May 2026 and is working towards obtaining the construction permit (建筑工程施工许可证).

(iii) Given the group's liquidity position and the continued weakness in China's residential property market, how has the board evaluated the optimal strategy for the Shanwei project? Specifically, what analysis has been undertaken to compare proceeding with development against alternative options such as deferring construction, disposing of the project, or introducing a strategic partner? What criteria will the board use in determining the most value-accretive course of action?

Company’s response to Q2(iii)

The Board has evaluated various strategic alternatives in respect of the Shanwei project, taking into account the Group's financial position, prevailing market conditions, project economics and relevant regulatory considerations.

Having considered these factors, the Board believes that continuing the development of the project currently represents the most viable option for preserving the long-term value of the land asset and long-term shareholder value. As disclosed in the Annual Report, the Group is actively progressing the necessary preparatory work for the commencement of construction and is in discussions with a bank regarding potential project financing.

While uncertainties remain, management will continue to closely monitor market developments, financing arrangements and the overall progress of the project, and will adjust its implementation plans where appropriate, taking into account the prevailing circumstances and the best interests of the Company and its shareholders.

Q3. The independent auditors have identified a material uncertainty related to going concern, noting that the group's significant losses, substantial accruals and other payables, together with the current portion of bank and other borrowings, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern.

In Note 3.1 (pages 84 and 85), the directors explained that the group has reached agreements with the major contractor and creditors not to demand repayment of approximately RMB314 million before 30 June 2027.

As at 31 March 2026, the group had cash and bank balances of RMB13.6 million.

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2026

		Group		Company	
	Notes	31 March 2026 RMB'000	31 March 2025 RMB'000	31 March 2026 RMB'000	31 March 2025 RMB'000
Current assets					
Properties held under development	18	**731,377**	753,495	**–**	–
Properties held for sale	19	**582,467**	940,343	**–**	–
Contract cost assets	6	**2,496**	6,770	**–**	–
Prepayments and other receivables	20	**42,953**	73,953	**231**	237
Amounts due from subsidiaries	21	**–**	–	**365,746**	365,746
Financial assets at fair value through profit or loss	22	**–**	52	**–**	–
Tax recoverable		**9,737**	–	**–**	–
Cash and bank balances	23	**13,617**	29,469	**154**	154
		1,382,647	1,804,082	**366,131**	366,137
Current liabilities					
Accruals and other payables	24	**373,630**	375,386	**274**	151
Contract liabilities	6	**82,185**	217,347	**–**	–
Current tax liabilities		**10,578**	73,888	**–**	–
Amounts due to related parties	21	**95,036**	87,388	**344,784**	342,351
Bank and other loans	25	**79,500**	60,125	**–**	–
		640,929	814,134	**345,058**	342,502

(Source: company annual report; emphasis added)

(i) Could the board explain whether it uses an analytical framework to monitor the group's liquidity and going concern position? In particular, what key financial metrics, liquidity thresholds or covenant indicators are monitored, and what contingency measures would be implemented if the group's financial position were to deteriorate further?

Company's responses to Q3(i)

As disclosed in the Annual Report, the Group is subject to material uncertainty relating to its ability to continue as a going concern. Management continues to closely monitor the Group's liquidity position, cash flow requirements and financing needs.

Management's current priorities are to maximise operating cash inflows through the sale of completed properties, selectively dispose of assets where appropriate, and continue ongoing discussions with lenders and other creditors regarding repayment arrangements and other financing initiatives. These measures are intended to strengthen the Group's liquidity position and support its ongoing operations.

Should market conditions or the Group's cash flow position deteriorate further, management will continue to assess and implement appropriate measures to preserve liquidity, taking into account the Group's prevailing financial position, operating requirements and available financing options.

The directors' going concern assessment relies significantly on agreements with major contractors and creditors to defer repayment of approximately RMB314 million until 30 June 2027.

(ii) What progress has the board made in securing longer-term funding solutions that reduce reliance on deferred creditor repayments? How does the board evaluate the potential impact of equity fundraising, asset monetisation or strategic capital on shareholder value and financial sustainability?

Company's responses to Q3(ii)

As disclosed in the Annual Report, the Board continues to pursue a range of funding initiatives to strengthen the Group's liquidity position and support its ongoing operations. In addition to the mutually agreed repayment arrangements with major contractor and creditors, the Group has made progress in advancing discussions with financial institutions regarding project financing and other funding opportunities, while continuing to engage constructively with its creditors on longer-term repayment arrangements.

The Board regularly reviews various funding and capital management alternatives, including equity fundraising, asset monetisation and strategic capital, as part of its ongoing assessment of the Group's financial position and funding requirements. In evaluating these alternatives, the Board takes into account the prevailing market conditions, potential impact on shareholder value, financing costs, execution feasibility and the Group's long-term financial sustainability.

At the present time, the Board does not regard any single funding initiative as a standalone solution. Rather, it considers that maintaining a balanced and flexible funding strategy, comprising a combination of operational cash generation, funding initiatives and ongoing engagement with creditors, represents the most appropriate approach under the current circumstances. The Board will continue to explore all suitable opportunities, including pursuing commercially viable funding alternatives, in the best interests of the Company and its shareholders.

By Order of the Board

Wong Sum
Executive Chairman

30 July 2026