

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 2022

The Board of Directors of Pan Hong Holdings Group Limited (the “**Company**”, and together with its subsidiaries the “**Group**”) refers to its half-year financial statement released to Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 10 November 2022 and would like to provide the following additional information in response to the following queries raised by the SGX-ST:

Question 1

We refer to the Company’s half-year financial statements announced on 10 November 2022. We note that the land use rights certificates for the land located in Shanwei City, Guangdong Province of the PRC, in which the Company paid RMB 717 million for, have yet to be obtained by the Group as at 10 November 2022. Please provide an update on whether the land use rights certificates have been received to-date and if not, when the Company can expect to receive it.

Company’s response to question 1

The Company has obtained the land use right certificate over the concerned land parcel located in Shanwei City (the “**Land**”) on 8 December 2022.

Question 2

We note that the consideration paid by the Company of RMB 717 million for the land use rights certificates is significantly higher than the Company’s market capitalization as at 30 April 2021 as well as of today. In this regard, the relative base computed under Listing Rule 1006(c) exceeds 100%. As such, the Company must comply with Listing Rule 1015 whether or not the acquisition is deemed in the issuer’s ordinary course of business. Please comply accordingly.

Company’s response to question 2

The Company had on 30 April 2021 released an announcement relating to the acquisition of land by the Company’s subsidiary (the “**Acquisition**”) which set out information relating to the transaction (the “**30 April Announcement**”).

Please find below supplementary information to the 30 April Announcement, in accordance with Listing Rule 1015(1)(a).

Capitalised terms which are not otherwise defined in this announcement shall have the same meanings ascribed to them in the 30 April Announcement.

Of note is that the Acquisition of the land use rights over the Land was, at the time of Acquisition, over a piece of development land which had no structures nor other infrastructure on it. There is therefore no profit or loss associated with the Acquisition, nor is there an impact on the net tangible assets of the Group.

In view of the above:

- a. It is not meaningful to set out the latest three years of proforma financial information for the Acquisition of the land use rights over the Land.

- b. The Acquisition has no effect on the net tangible assets per share of the Company for the financial year ended 31 March 2021 (being the then most recently completed financial year) on the assumption that the Acquisition was effected at the end of that financial year.
- c. The Acquisition has no effect on the earnings per share of the Company for the financial year ended 31 March 2021 (being the then most recently completed financial year) on the assumption that the Acquisition was effected at the beginning of that financial year.

The relative figures that were computed on the bases set out in Rule 1006.

Rule 1006	Relative figures computed
<i>(a) The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.</i>	<i>Not applicable for acquisition of assets. However, by way of reference, the net asset value of the land use rights acquired / net asset value of the Group's net asset value (as at 31 March 2021) being the date of the then latest announced consolidated accounts for the Group = RMB717,000,000 / RMB991,440,000 = 72.32%</i>
<i>(b) The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.</i>	<i>Not applicable.</i>
<i>(c) The aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.</i>	<p><i>Consideration given / Market capitalisation of the Company =</i> $S\\$147,046,760 / S\\$76,846,654 = 191.35\%$ (Note)</p> <p><i>Note: The consideration given for the land use right was RMB717,000,000 and was approximately equivalent to S\$147,046,760 (based on the RMB to SGD foreign exchange rate on the date of successful bid, i.e. 30 April 2021)</i></p> <p><i>The market capitalisation of the Company was computed by multiplying the closing price of S\$0.15 of the Company's shares on 30 April 2021 by the total number of issued shares excluding treasury shares, i.e. 512,311,024 shares.</i></p>
<i>(d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.</i>	<i>Not applicable as no equity security was issued by the Company for the Acquisition.</i>
<i>(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount.</i>	<i>Not applicable.</i>

A copy of the land grant contract is available for inspection during normal business hours at the issuer's registered office for 3 months from the date of this announcement.

As there is no profit forecast provided in the 30 April Announcement, nor a profit guarantee nor covenant which quantifies the anticipated level of future profits from the vendor of the land use rights over the Land, Listing Rules 1012 and 1013 are not applicable.

The Company will be seeking guidance from the SGX-ST as to whether the remainder of Listing Rule 1015 applies to the Acquisition of land use rights over the Land, and if it does, whether the Company may seek a waiver from compliance with Listing Rule 1015.

By Order of the Board

Wong Sum
Executive Chairman
16 December 2022