

## PAN HONG HOLDINGS GROUP LIMITED

(Incorporated in Bermuda)  
(Registration Number: 37749)



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### RESPONSES TO SGX-ST'S QUERIES ON THE FULL-YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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The Board of Directors of Pan Hong Holdings Group Limited (the “**Company**”, and together with its subsidiaries the “**Group**”) refers to its full-year financial statements for the financial year ended 31 March 2022 (“**FY2022**”) released to Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 28 May 2022 and would like to provide its responses to the following queries raised by the SGX-ST:

#### Question 1

*In relation to Note 11(a), we note that “the Group has made a successful bid for the land use right of a land located in Shanwei City, Guangdong Province of PRC at a total consideration of RMB717,000,000, which were paid by the Group during the year ended 31 March 2022. The amount included in prepayment as at 31 March 2022 and the land use rights certificates are yet to be obtained by the Group up to the date of this report”.*

*Please disclose:*

*(i) the party to whom the total consideration of RMB717,000,000 was paid and the date when the payment was made;*

*(ii) description of the site, size and permitted use of the land; and*

*(iii) when the group expects to receive the land use rights certificates.*

#### Company's response to question 1

(i) The consideration was paid by instalments to the Shanwei Bureau of Natural Resources (汕尾市自然资源局) and was fully settled by the fourth quarter of 2021.

(ii) 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 People's Republic of China (“ <b>PRC</b> ”)
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

Further information regarding the land and development progress could be referred to the Company's announcements dated 30 April 2021 and 1 June 2021.

(iii) The Group has already submitted the required documents to the relevant government departments and expects to obtain the land use rights certificate by the second half of 2022.

#### Question 2

*In relation to Note 11(b), please disclose:*

*(i) a breakdown of the Group's other receivables of RMB83.804 million;*

*(ii) the nature of the other receivables;*

*(iii) why such receivables are non-interest bearing, how it is in the normal course of business for the Company to extend loans, when the loans were paid out, whether Board approval was received for these interest free loans to be extended to third parties and the maturity date for the repayment of these loans; and*

*(iv) the Board's assessment of the recoverability of such receivables and the basis for the assessment.*

Company's response to question 2(i), 2(ii) and 2(iv)

**Breakdown, nature and recoverability assessment of other receivables (in RMB'000):**

Categories by nature	Note	Balance at 2022.03.31
<b>Interest-bearing portion</b>		
- Interest-bearing receivables	(A)	<b>30,600</b>
<b>Non-interest-bearing portion</b>		
- Deposited funds for property maintenance	(B)	<b>24,267</b>
- Deposits paid to local government authorities	(C)	<b>5,029</b>
- Value-added tax (VAT) recoverable	(D)	<b>15,336</b>
- Interest receivables	(E)	<b>6,577</b>
- Others comprising of accounts with relatively small balance		<b>3,492</b>
<b>Gross carrying amount</b>		<b>85,301</b>
Loss allowances for expected credit loss		<b>(1,497)</b>
<b>Net carrying amount</b>		<b>83,804</b>

Notes:

- (A) Please refer to the Group's result announcement dated 28 May 2022. The Group has assessed the expected credit loss (including factors of recoverability of interest, possible default events) on the balance and loss allowance was recognised to reflect the recoverability assessment. As at the date of this announcement, RMB2,500,000 of the balance has been recovered.
- (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 mainly includes guarantee deposits paid to the Construction Bureau of Huzhou City, Zhejiang Province, for fulfilment of construction obligations of the Group's property projects under development. The Group is of the view that the default risk is low as the counterparties are government authorities of the PRC.
- (D) 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.
- (E) The balance represents interest income receivables arising from the interest-bearing receivables. The balance has been fully recovered as at the date of this announcement.

Company's response to question 2(iii)

The non-interest bearing receivables, with the respective natures described in notes (B) to (D), are not interest free loans and were made in the normal course of business operations. The Group's business and operational activities are carried out under the supervision of its Executive Directors and management.

**Question 3**

***In relation to Note 15(a), we note that "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".***

***Please provide details of this car park rental and why the Company has to rent a car park from Mr. Wong Lam Ping's wife.***

Company's response to question 3

Rental of the car park space was for the parking of a business vehicle owned by the Group with a monthly rent of HK\$5,000 (yearly rent of HK\$60,000). The rationales for such rental arrangement are mainly because the car park space owned by Ms. Chan is located nearby the Group's office which provides a convenient location for parking and the rental fee is comparable to market price with respect to factors including the location and condition.

**Question 4**

***We note that "the decrease of revenue of FY2022 was due to fewer number of units being transferred to the buyers than that of FY2021".***

***Please disclose why the number of residential units transferred to the buyers in FY2022 was lower than that of FY2021, and whether the Board expects this to continue in the next 12 months.***

Company's response to question 4

As disclosed in the Company's previous annual reports (Financial Review Section), 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 (quarters and half-years) will appear irregular.

The major contributor of the Group's revenue in FY2021 and FY2022 was the Pan Hong Run He (汎港润合园) project. Transfer of control (mainly the handover procedures involving confirmations by home-owners) of a large portion of the pre-sold residential units were completed in FY2021 while transfer of control of the remaining portion of pre-sold residential units were completed in FY2022, which resulted in the decrease in revenue.

Since the transfer of control of almost all pre-sold residential units for Pan Hong Run He (汎港润合园) project have been completed by FY2022, the Board foresees a further decrease in revenue in FY2023. For the projects which are currently under pre-sale stage or to be launched for pre-sale, revenue will be recognised upon completion and transfer of control of property units in the corresponding financial years.

**By Order of the Board**

Wong Sum  
Executive Chairman  
8 June 2022