



汎港控股
PAN HONG HOLDINGS

Building on Our Solid Foundations

ANNUAL REPORT 2023



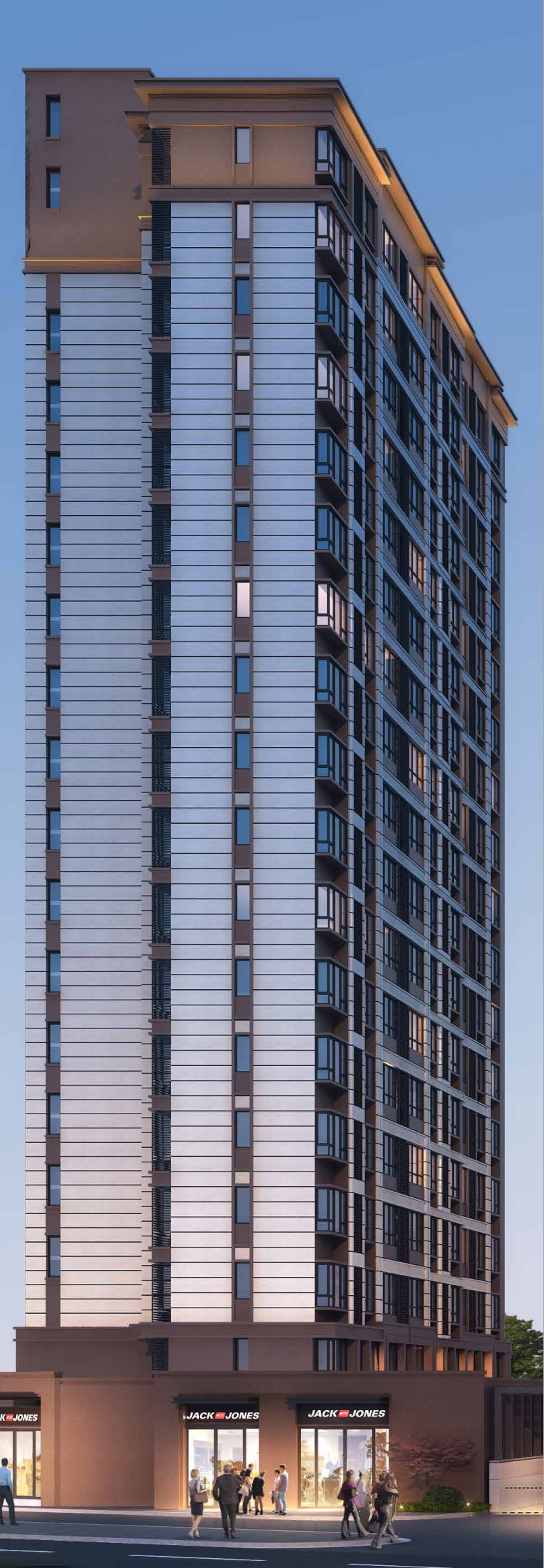


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CORPORATE INFORMATION

COMPANY REGISTRATION NUMBER

37749

BOARD OF DIRECTORS

Executive:

Wong Sum (*Chairman*)

Wang Cuiping (*Chief Executive Officer*)

Non-Executive:

Sim Wee Leong (*Lead Independent Director*)

Choo Kian Koon (*Independent Director*)

Zheng Haibin (*Independent Director*)

Ng Keong Khoon (*Independent Director*)

AUDIT COMMITTEE

Sim Wee Leong (*Chairman*)

Choo Kian Koon

Zheng Haibin

NOMINATING COMMITTEE

Choo Kian Koon (*Chairman*)

Sim Wee Leong

Wong Sum

REMUNERATION COMMITTEE

Zheng Haibin (*Chairman*)

Choo Kian Koon

Chan Kin Sang

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 500,000 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

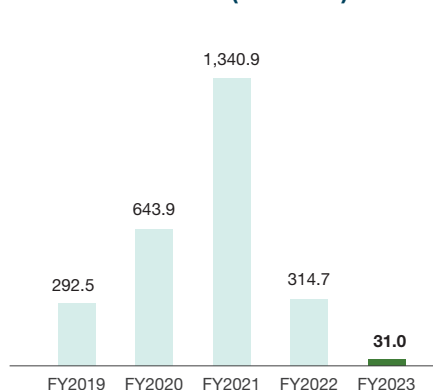
FINANCIAL HIGHLIGHTS

RMB'000	Year ended 31 March 2023 ("FY2023")	Year ended 31 March 2022 ("FY2022")	Change
PROFIT AND LOSS			
Revenue	31,049	314,717	(90.1%)
Gross profit	14,803	108,898	(86.4%)
Gross profit margin	47.7%	34.6%	13.1 pts
(Loss)/profit after tax	(6,737)	68,797	(109.8%)
(Loss)/profit attributable to the owners of the Company	(6,330)	69,317	(109.1%)
REVENUE ANALYSIS BY TYPE OF PROPERTIES			
Residential	10,319	246,880	(95.8%)
Commercial and others	20,730	67,837	(69.4%)

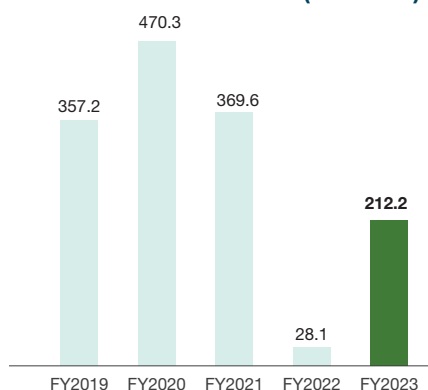


FINANCIAL HIGHLIGHTS

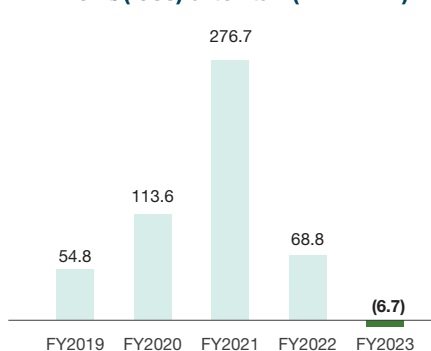
Revenue (RMB' mil)



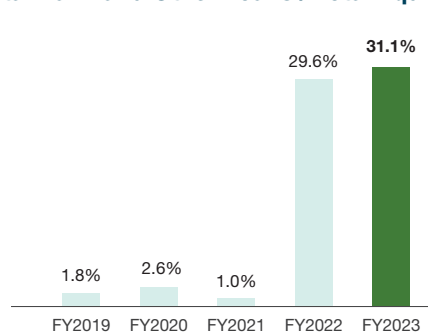
Cash and Bank Balances (RMB' mil)



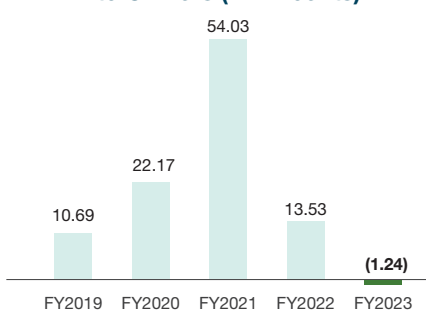
Profit/(loss) after tax (RMB' mil)



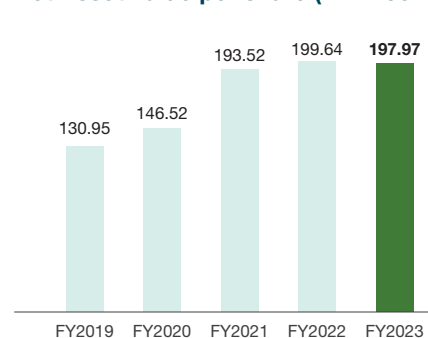
Net Gearing%:
Total Bank and Other Loans / Total Equity



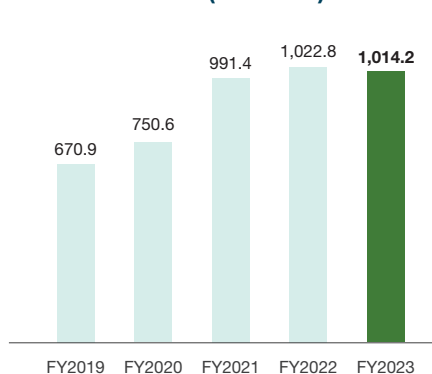
Earnings/(loss) per share attributable to Owners (RMB cents)



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 2023.

RESULT AND FINAL DIVIDEND

The Group had recorded a revenue of RMB31.0 million and a net loss of RMB6.7 million for the year ended 31 March 2023. Loss attributable to owners of the Company amounted to RMB6.3 million and basic loss per share was RMB1.24 cents.

For the year ended 31 March 2023, no dividend has been declared as the Group is conserving cash for its business operations and future developments.

MARKET REVIEW

During the financial year, gradual recovery of the People's Republic of China (“**PRC**”)’s national economy from the COVID-19 pandemic in 2021 and 2022 was evidenced by a 4.5% gross domestic product (GDP) growth year-on-year for the first quarter of 2023, compared to 2.9% in the previous quarter based on official data published by the National Bureau of Statistics (the “**Bureau**”).

In the real estate sector, with the introduction of deleveraging requirements in 2021 and the subsequent debt-default events of various medium-to-large scale developers, 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 2023 on a year-on-year basis.

Official data indicated that new home prices recorded a year-on-year decrease in both April and May 2023 for 49 and 43 major PRC cities respectively out of a statistical pool of 70 major PRC cities.

In November 2022, the People's Bank of China (中国人民银行) and the China Banking and Insurance Regulatory Commission (中国银行保险监督管理委员会) jointly announced a series of measures that are aimed at easing developers' financial burdens, providing liquidity for project completion, satisfying qualified mortgage demand and reviving homebuyers' confidence.

In addition, the PRC central government adjusted its “dynamic zero COVID-19” pandemic policy stance near the end of 2022. Economic activities are gradually returning to normality with expectations of economic revival and turnaround in the property market. According to official data published by the Bureau, new home prices in major PRC cities moved up between April and May 2023 on a month-on-month basis.

Official data indicated that new home prices recorded a month-on-month increase in both April and May 2023 for 61 and 46 major PRC cities respectively out of a statistical pool of 70 major PRC cities.

Moreover, it is noted that the People's Bank of China has lowered the interest rate of the Medium-term Lending Facility by 10 base points in June 2023 to improve liquidity of the banking system. However, as the national economy and real estate industry are undergoing a phase of profound adjustments post COVID-19, the Group is of the view that the market still needs more time to stabilise and grow sustainably.

The Group's products are primarily positioned to satisfy home buyers who are owner occupiers and it is cautiously optimistic that its target market segment would be benefited primarily when core housing demand improves.

BUSINESS OUTLOOK

The Group's revenue in FY2023 was mainly derived from the handover of commercial and residential units of Pan Hong Run He (汎港润合).

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 two other existing projects, Run Ze Yuan (润泽园) and Run Hong Yuan (润泓园).

As a progress update of the Shanwei Project, aiming to better fit the latest market preference, the Group is in the process of refining and polishing 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, and landscape horticulture design. 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.

CHAIRMAN'S STATEMENT

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

APPRECIATION

On behalf of the Board, firstly, I warmly welcome Mr. Ng Keong Khoon as an Independent Director of the Company. With extensive experience in the accounting industry, we are confident that Mr. Ng will provide valuable insights and guidance to the Group.

Next, I would also like to express our heartfelt gratitude to Mr. Sim Wee Leong, who will be stepping down as the Lead Independent Director of the Company at the conclusion of the forthcoming annual general meeting, for his 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
29 June 2023





BUSINESS, OPERATIONS AND FINANCIAL REVIEW

BUSINESS AND OPERATION REVIEW

OVERVIEW OF OUR BUSINESS

During the year under review, the Group achieved revenue of RMB31.0 million mainly from the sales of commercial and residential units of Pan Hong Run He. The total gross floor area (“GFA”) of the residential and commercial properties (excluding car parking spaces and other spaces sold) in FY2023 amounted to approximately 2,440 sq. m.

The following table presents an analysis of the Group’s revenue in FY2023:

	Year ended 31 March 2023
(i) Residential	
– GFA sold (in sq. m.)	1,213
– Average selling price (RMB per sq. m.)	8,510
– Revenue (approx RMB’000)	10,319
(ii) Commercial	
– GFA sold (in sq. m.)	1,227
– Average selling price (RMB per sq. m.)	14,482
– Revenue (approx RMB’000)	17,774
(iii) Car parking spaces and others	
– Revenue (approx RMB’000)	2,956

PROPERTY PRE-SALES

As of 23 May 2023, the Group’s pre-sales value from Run Ze Yuan and Run Hong Yuan had a total unbilled sales of RMB696.7 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 Ze Yuan	Zhejiang	Residential	63,471	35%	277.2
Run Hong Yuan	Zhejiang	Residential	38,712	75%	419.5
TOTAL					696.7

[^] 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 2023

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 follow:

Name of Project	Province	City	Planned Gross Floor Area (sq. m.)	Expected Completion Date
Run Ze Yuan	Zhejiang	Huzhou	Residential: 63,471 Commercial: 706	Q3 CY2023
Run Hong Yuan	Zhejiang	Huzhou	Residential: 61,536* Commercial: 2,420*	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 2023, the Group had land bank with total planned saleable GFA of 405,999 sq. m. in Huzhou and Shanwei in the PRC. The Group's land bank as at 31 March 2023 was as follows:

	Land bank (sq. m.)
Properties under development	128,133
Properties held for future development	277,866
Total	405,999

FINANCIAL REVIEW

(a) REVIEW OF FINANCIAL RESULTS FOR FY2023 COMPARED TO FY2022

	Group	
	FY2023	FY2022
Revenue (RMB'000)		
Residential	10,319	246,880
Commercial and others	20,730	67,837
Total Revenue	31,049	314,717

Revenue

The Group's revenue in FY2023 was RMB31.0 million compared to RMB314.7 million in FY2022, a decrease of RMB283.7 million.

The revenue in FY2023 was primarily derived from transfer of control of commercial units of Pan Hong Run He (汎港润合) to buyers in the year. In comparison, the revenue in FY2022 was mainly attributable to transfer of control of residential units of Pan Hong Run He to buyers. The decrease was mainly due to fewer number of transfer of control of property units in FY2023 than in FY2022.

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 decrease in revenue, cost of sales decreased from RMB205.8 million in FY2022 to RMB16.2 million in FY2023. Accordingly, gross profit decreased from RMB108.9 million in FY2022 to RMB14.8 million in FY2023.

Gross profit margin increased from 34.6% in FY2022 to 47.7% in FY2023 as a result of higher gross profit for commercial units sold in FY2023 as compared to the residential units sold for Pan Hong Run He in FY2022.

Other Income and Other Gains and Losses

Other income and other gains and losses mainly consisted of (i) interest income, (ii) net fair value (loss)/gain of investment properties, (iii) gain on disposal of financial assets at fair value through profit or loss and (iv) rental income. Other income and other gains and losses decreased from RMB32.6 million in FY2022 to RMB1.5 million in FY2023. The decrease was mainly attributable to a decrease in gain on disposal of property, plant and equipment, gain on disposal of financial assets at fair value through profit or loss and interest income.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 13.6% from RMB9.5 million in FY2022 to RMB8.2 million in FY2023. The lower selling expenses in FY2023 was mainly due to lower advertising and marketing expenses incurred.

Administrative Expenses

Administrative expenses decreased by 14.4% from RMB19.3 million in FY2022 to RMB16.5 million in FY2023, mainly due to a decrease in consultancy expenses, pre-operating expenses and maintenance expenses in FY2023.

Finance Costs

Finance costs increased by 417.6% from RMB0.7 million in FY2022 to RMB3.8 million in FY2023, mainly due to an increase in 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 decreased from an expense of RMB43.0 million in FY2022 to a credit of RMB5.6 million in FY2023. This was mainly attributable to reversal of over-provision of land appreciation tax (“LAT”) in respect of prior years pursuant to finalised tax ruling by the local tax bureau with respect to the Group’s completed projects. In addition, there was a decrease in PRC enterprise income tax (“EIT”) and LAT in the People’s Republic of China (“PRC”) arising from lesser property units sold and a loss before tax recorded in FY2023.

(Loss)/Profit for the Year

As a cumulative effect of the foregoing factors, the Group recorded a loss after tax of RMB6.7 million in FY2023, compared to a profit after tax of RMB68.8 million in FY2022.

Exchange Differences on Translation of Financial Statements of Foreign Operations

Exchange differences on translation of financial statements of foreign operations decreased from a gain of RMB0.2 million in FY2022 to a loss of RMB0.9 million in FY2023. The decrease was mainly due to the depreciation of RMB against Hong Kong Dollar (“HKD”) during the financial year that resulted in a translation loss of the Group’s subsidiaries with significant bank loan 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 loss of RMB8.6 million in FY2023, compared to a profit of RMB68.0 million in FY2022.

(b) REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2023 AND CASH FLOW FOR FY2023

Property, Plant and Equipment

As at 31 March 2023, the Group had property, plant and equipment of RMB52.0 million, compared to RMB46.2 million as at 31 March 2022. The increase was mainly due to the net effect of transfer of various properties held for sale to property, plant and equipment, and depreciation of property, plant and equipment during the year.

Investment Properties

As at 31 March 2023, the Group had investment properties of RMB58.6 million compared to RMB59.4 million as at 31 March 2022. The decrease was mainly due to the net fair value loss of investment properties during the year.

Financial Assets at Fair Value Through Other Comprehensive Income

As at 31 March 2023, the balance of approximately RMB26.5 million (31 March 2022: RMB27.5 million) representing the fair value of 16.6% (31 March 2022: 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 which included listed equity securities in Hong Kong and the PRC, decreased to RMB80,000 as at 31 March 2023 from RMB276,000 as at 31 March 2022. The decrease was mainly due to the realisation of financial assets at fair value through profit or loss during the year.

Properties Held Under Development

The Group’s properties held under development increased by RMB1,060.0 million from RMB573.6 million as at 31 March 2022 to RMB1,633.6 million as at 31 March 2023. The increase was mainly due to the construction costs incurred for Run Ze Yuan (润泽园) and Run Hong Yuan (润泓园), and the transfer of prepaid consideration for the land use right of a land located in Shanwei City, Guangdong Province of the PRC from prepayments to properties held under development upon receipt of the land use rights certificate during FY2023.

FINANCIAL REVIEW

Properties Held for Sale

Properties held for sale decreased from RMB187.1 million as at 31 March 2022 to RMB156.6 million as at 31 March 2023, mainly due to the transfer of control of completed properties of Pan Hong Run He to the buyers.

Prepayments and Other Receivables

The Group's prepayments and other receivables decreased from RMB885.8 million as at 31 March 2022 to RMB110.0 million as at 31 March 2023. The decrease was mainly due to the transfer of prepaid consideration for the land use right of a land located in Shanwei City, Guangdong Province of the PRC from prepayments to properties held under development upon receipt of the land use right certificate during FY2023.

Contract Cost Assets

The Group's contract cost assets of RMB15.6 million as at 31 March 2023 represent capitalised incremental costs for obtaining sales contracts of its property project under pre-sale stage.

Tax Recoverable

Tax recoverable increased from approximately RMB13.6 million as at 31 March 2022 to approximately RMB18.1 million as at 31 March 2023 mainly due to the prepayment of 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 are not yet due for payment.

Accruals and other payables decreased from approximately RMB259.1 million as at 31 March 2022 to approximately RMB232.7 million as at 31 March 2023. The decrease was mainly due to the payment of accrued 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 increased from approximately RMB27.6 million as at 31 March 2022 to approximately RMB532.9 million as at 31 March 2023. The increase was mainly due to the advance receipts of Run Ze Yuan and Run Hong Yuan received during the year.

Current Tax Liabilities

Current tax liabilities decreased from RMB126.7 million as at 31 March 2022 to RMB104.7 million as at 31 March 2023. The decrease was mainly attributable to the net effect of income tax liabilities derived from the profit recorded by the Group's subsidiaries, reversal of over-provision of LAT and payment of income tax during the year.

Amounts Due to Related Parties

Amounts due to related parties increased from RMB86.3 million as at 31 March 2022 to RMB87.3 million as at 31 March 2023, which was mainly due to the cash advance provided to the Group during the year by Mr. Wong Ching, an immediate family member of Mr. Wong Lam Ping, the controlling shareholder of the Company.

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

Bank and Other Loans

As at 31 March 2023, the Group had bank and other loans of RMB315.6 million, an increase from RMB302.5 million as at 31 March 2022, mainly due to the net effect of drawdown of new bank loans and settlement of bank loans during the year.

Bank loans of approximately RMB5.6 million, RMB240.0 million and RMB35.0 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 2023.

Based on the Group's total equity of RMB1,014.2 million, the Group recorded a net gearing ratio (total bank and other loans/total equity) of 31.1% as at 31 March 2023, compared to 29.6% as at 31 March 2022.

Cash Flow Analysis

In FY2023, the Group recorded RMB26.6 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 FY2023 amounted to RMB1.0 million, mainly due to purchase of property, plant and equipment.

Net cash used in financing activities in FY2023 amounted to RMB9.7 million, mainly due to net effect of new bank loans made and repayment of bank loans and interest during the year.

Included in bank balances and cash are restricted bank balances of RMB171.8 million (31 March 2022: RMB3.6 million) which can only be applied in the designated property development project(s). As at 31 March 2023, the Group had cash and cash equivalents of RMB40.4 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 29 July 2020. 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 being a member of the All-China Youth Federation (中华全国青年联合会), a 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 the head of Hong Kong 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. Sim Wee Leong is the Lead 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 currently practising as a Chartered Accountant (Singapore) in Smalley & Sims PAC, a well established local accounting practice. He started his professional career in 1989 with an international accounting firm, before leaving in 1997 to join his current firm. He graduated with a Bachelor of Accountancy from the National University of Singapore in 1989.

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. Ng Keong Khoon (“Mr. Ng”) is an Independent Director of the Company. He was appointed to the Board on 1 June 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 where he last held the post 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.

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 the 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 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 the 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 2023 (“**FY2023**”). 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 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 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 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 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.

The Group did not appoint any new Director and/or first-time Director during FY2023.

Mr. Ng Keong Khoon was appointed as an Independent Director of the Company on 1 June 2023. He 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. He has attended the module Environment, Social and Governance Essentials in 2022.

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.

Pursuant to Rule 720(7) of the SGX-ST Listing Manual effective 1 January 2022, all Directors of the Company must undergo training on sustainability matters as prescribed by the SGX-ST. If the Nominating Committee (“**NC**”) is of the view that training is not required because the Director has expertise in sustainability matters, the basis of its assessment must be disclosed. The Company is required to confirm in its sustainability report for FY2023 that all its Directors have attended the mandatory training on sustainability. In view of the aforesaid, all Directors, including Mr. Ng Keong Khoon who was appointed on 1 June 2023, have completed the training on sustainability matters as prescribed by the Exchange in FY2023.

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 and half-yearly budget;
- Major funding proposals and corporate or financial restructuring, if any;
- Potential joint venture, merger, acquisition, divestment or other changes in the Company's assets, if any;
- Management changes or changes in effective control of the Company, if any;
- Firm evidence of significant improvement or deterioration in near term earnings prospects, if any;
- Subdivision of shares or stock dividends, if any;
- Acquisition or loss of significant contract, if any;
- Significant new product or discovery, if any;
- Public or private sale of significant amount of additional securities of the Company, if any;
- Share Buyback, if any;
- Share Option or share schemes, if any;
- Scrip Dividend Scheme, if any;
- Interested Person Transactions, if any;
- Provision or receipt of a significant amount of financial assistance, if any;
- Occurrence of an event of default under debt or other securities or financing or sale agreements, if any;
- Significant litigation, if any;
- Significant change in capital investment plans e.g. building of factories, increasing plant and machinery and increasing production lines, if any;
- Significant dispute(s) with customers or suppliers, or with any parties, if any;
- 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, if any;
- Tender offer for another company's securities, if any;
- Valuation of the Group's assets that has a significant impact on the Group's financial position and/or performance;
- Involuntary striking-off of the Company's subsidiaries;
- Any 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.

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, NC and 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.

REPORT ON CORPORATE GOVERNANCE

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 of the Directors in the Board and the Board Committees is as follows:-

Name of Director		AC	RC	NC
Mr. Wong Sum	(Executive Chairman)	–	–	M
Ms. Wang Cuiping	(Executive Director and Group CEO)	–	–	–
Mr. Sim Wee Leong	(Lead Independent Director)	C	M	M
Dr. Choo Kian Koon	(Independent Director)	M	M	C
Dr. Zheng Haibin	(Independent Director)	M	C	–
Mr. Ng Keong Khoon	(Independent Director)	–	–	–

C – Chairman

M – Member

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.

Details of Board and Board Committees' meetings and general meeting, i.e. annual general meeting ("AGM") held from 1 April 2022 to 31 March 2023 are summarised in the table below:

Name of Directors	General meeting				Board Committees' meetings					
	AGM		Board		AC		RC		NC	
	No. of meetings Held	Attended	No. of meetings Held	Attended	No. of meetings Held	Attended	No. of meetings Held	Attended	No. of meetings Held	Attended
Mr. Wong Sum	1	1	4	4	–	–	–	–	1	1
Ms. Wang Cuiping	1	1	4	4	–	–	–	–	–	–
Mr. Sim Wee Leong	1	1	4	4	4	4	1	1	1	1
Dr. Choo Kian Koon	1	1	4	4	4	4	1	1	1	1
Dr. Zheng Haibin	1	1	4	4	4	4	1	1	–	–
Mr. Ng Keong Khoon ⁽¹⁾	–	–	–	–	–	–	–	–	–	–

(1) Mr. Ng Keong Khoon was appointed as an Independent Director of the Company on 1 June 2023 and hence, did not attend any of the meetings of the Company held from 1 April 2022 to 31 March 2023.

There was no extraordinary general meeting ("EGM") held during the period from 1 April 2022 to 31 March 2023.

REPORT ON CORPORATE GOVERNANCE

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 to the Board every half-yearly the Group's 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.

For FY2023, the Executive Chairman, Group CEO and Management were 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.

Provision 1.7 – 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, has adopted a declaration of independence pursuant to provision 2.1 of the Code and Rule 210(5)(d) of the SGX-ST Listing Manual ("**Revised Definition on Director's Independence**").

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

The Board comprises two Executive Directors and three Independent Directors in FY2023. Mr. Ng Keong Khooon was appointed as an additional Independent Director of the Company on 1 June 2023. 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.

REPORT ON CORPORATE GOVERNANCE

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.

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.

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

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.

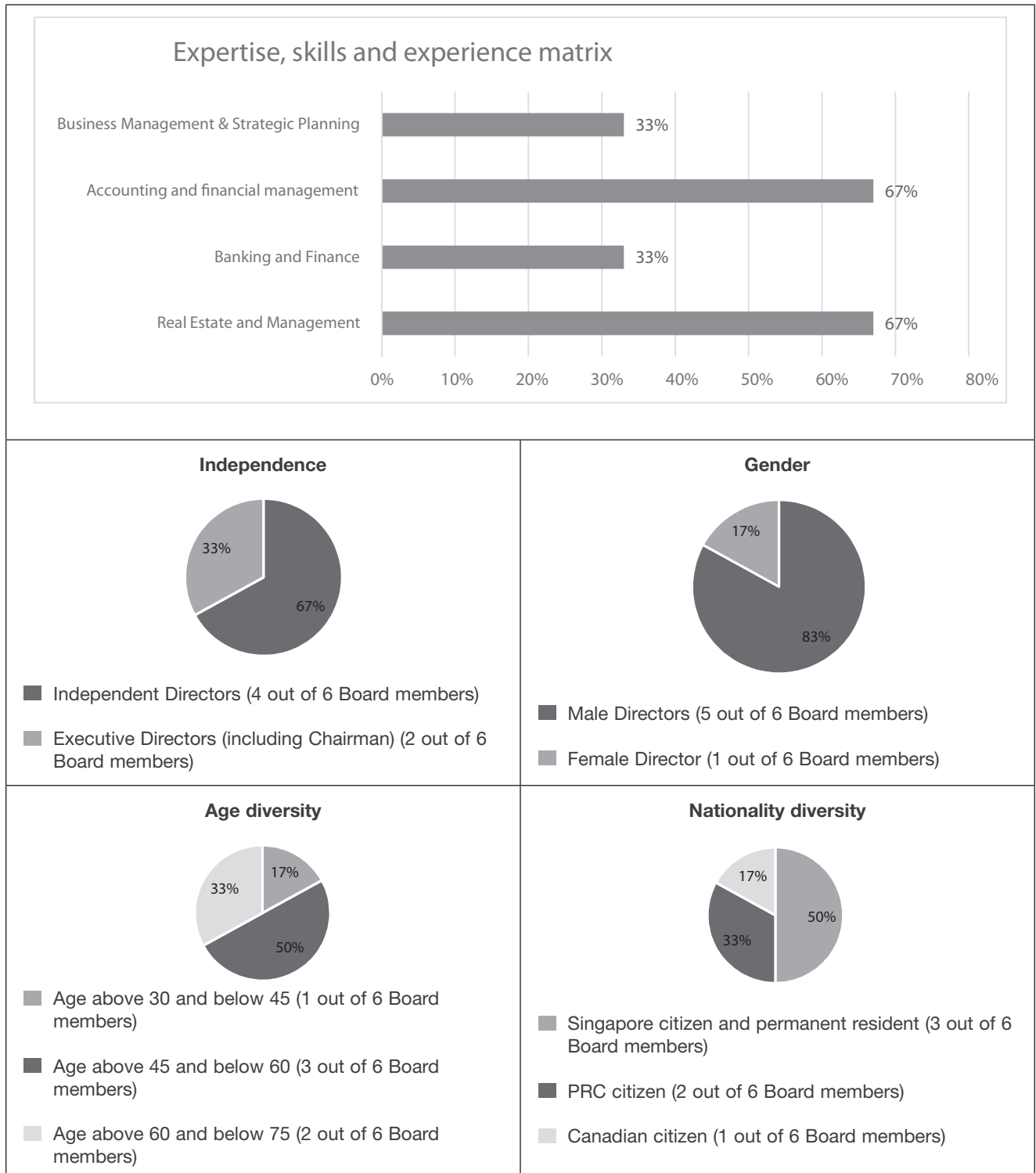
Each Director has been appointed based on his or her strength, experience and stature. They are expected to bring a valuable range of experience and expertise, and contribute to the development of the Group's strategy and business performance. Together, the Board and Board Committees comprise Directors 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, 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.

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.

Based on the current Board composition, the Company has met its independence and gender diversity targets as of the date of this report. Consequently, Mr. Sim Wee Leong, who was first appointed on 14 August 2006, will be retiring as a Director 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 28 July 2023. In addition, 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 the financial year ending on or after 31 March 2024 ("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 years (whether before or after listing). As such, Dr. Choo Kian Koon and Dr. Zheng Haibin, who were first appointed on 14 August 2006, will deem to be non-independent if they continue to serve as a Director of the Company following the conclusion of the Company's AGM for FY2024 to be held in July 2024. Accordingly, in conjunction with the progressive renewal and succession planning of the Board, the NC and the Board are in the midst of reviewing its Board composition by the Company's FY2024 AGM to be held in July 2024, to avoid undue disruptions from changes to the composition of the Board and Board Committees.

REPORT ON CORPORATE GOVERNANCE

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



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

REPORT ON CORPORATE GOVERNANCE

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.

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

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 FY2023, the Independent Directors have met periodically without the presence of other Directors and the feedback, if any, had been provided to the Chairman accordingly.

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
- 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.

REPORT ON CORPORATE GOVERNANCE

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. The Company has appointed Mr. Sim Wee Leong as the Lead Independent Director. As the Lead Independent Director, he leads the Independent Directors to provide a non-executive perspective and to contribute a balanced viewpoint to the Board.

Mr. Sim Wee Leong, 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.

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 NC comprises three members, a majority of whom, including the Chairman, are Independent Directors. The composition of the NC is as follows:-

Dr. Choo Kian Koon (Chairman)
Mr. Sim Wee Leong
Mr. Wong Sum

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.

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- (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.

The principal activities of the NC during FY2023 are summarised below:

- a. reviewed the findings of the evaluations of the AC, NC, RC, Board and peer assessment of the individual Directors and evaluation of the Chairman;
- b. reviewed and recommended to the Board the nomination of Directors for re-election at the AGM;
- c. 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;
- d. reviewed the size and composition of the Board and each Board Committee, changes in the Board members and succession plans;
- e. reviewed and assessed the independence of each Independent Director; and
- f. 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.

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.

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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.

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

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.

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**").

During FY2023, Mr. Sim Wee Leong, Dr. Choo Kian Koon and Dr. Zheng Haibin, had each served as Independent Director of the Company for a period exceeding nine years from their respective date of first appointment. The Board had conducted a rigorous review of the independence of Mr. Sim Wee Leong, Dr. Choo Kian Koon and Dr. Zheng Haibin to determine if they remain independent and carry out their duties objectively, taking into consideration the need for progressive refreshing of the Board. The Board noted that they are not a member of the Management and are free of relationship with the Company, its related companies, officers or its substantial shareholders of the Company that could interfere with their independent judgment or ability to act in the interest of the Company.

The Board had also observed the performance of Mr. Sim Wee Leong, 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. Mr. Sim Wee Leong, 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.

Pursuant to Transitional Practice Note 4 Transitional Arrangements Regarding the Tenure Limit for Independent Directors of the SGX-ST Listing Manual which is effective from 11 January 2023 ("**Transitional Practice Note 4**"), to ensure that the independence designation of a Director who has served for more than 9 years as at and from 11 January 2023 is not affected, 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 conclusion of third AGM from such approvals (i.e. in this case, by the AGM for FY2024 of the Company).

In the spirit of good corporate governance, Mr. Sim Wee Leong, who was first appointed on 16 August 2006, will not be seeking re-election and hence will be retiring as a Director 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 28 July 2023. Accordingly, he shall also retire as the Lead Independent Director of the Company, chairman of the AC and members of the RC and NC at the conclusion of the AGM.

In conjunction with the progressive renewal and succession planning of the Board, the NC and the Board are in the midst of reviewing its Board composition by the Company's FY2024 AGM to be held in July 2024.

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Taking into consideration of the above, 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-election of the following Directors at the forthcoming AGM for FY2023:

- (i) Mr. Wong Sum will be retiring pursuant to Bye-Law 86(1) of the Company's Bye-Laws; and
- (ii) Mr. Ng Keong Khoon will be retiring pursuant to Bye-Law 85(6) of the Company's Bye-Laws.

Mr. Wong Sum and Mr. Ng Keong Khoon had consented to continue in office and the Board had accepted the recommendation of the NC and accordingly, Mr. Wong Sum and Mr. Ng Keong Khoon will be offering themselves for re-election at the forthcoming AGM.

Mr. Ng Keong Khoon will, upon re-election as a Director of the Company, be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Each member of the NC had abstained from voting on any resolution and making any recommendation and/or participate in respect of his re-election, if any, as Director.

The requirements under Rule 720(6) of the SGX-ST Listing Manual are set out in the Annual Report from pages 128 and 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 a declaration of independence form based on the Revised Definition on Director's Independence ("**Confirmation of Independence Form**"). The NC requires each Independent Director to assess his own independence by completing a Confirmation of Independence Form 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 FY2023, the NC had reviewed the independence of the Board members with reference to the Revised Definition on Director's Independence. All Independent Directors, namely, Dr. Choo Kian Koon, Mr. Sim Wee Leong and Dr. Zheng Haibin, have served on the Board beyond nine years from the date of their first appointment. In addition to the Confirmation of Independence Forms submitted by Dr. Choo Kian Koon, Mr. Sim Wee Leong and Dr. Zheng Haibin, the NC has 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 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. In the determination of Dr. Choo Kian Koon, Mr. Sim Wee Leong and Dr. Zheng Haibin's independence, they have recused themselves respectively when it comes to the deliberation and determination of their own independence.

As stated above, 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 conclusion of third AGM from such approvals (i.e. in this case, by the AGM for FY2024 of the Company).

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As disclosed under Provisions 4.3 and 2.4 above, in conjunction with the progressive renewal and succession planning of the Board, the NC and the Board are in the midst of reviewing its Board composition with an intent to replace Dr. Choo Kian Koon and Dr. Zheng Haibin who have served on the Board beyond nine years from the date of their first appointment respectively by the Company's FY2024 AGM to be held in July 2024. New Directors, if any, will continue to be selected based on objective criteria set as part of the process for appointment of new Directors.

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.

Directorships / chairmanships held by the 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	29 July 2020	Nil	Nil
Ms. Wang Cuiping	Executive Director and Group CEO	14 August 2006	28 July 2021	Nil	Nil
Mr. Sim Wee Leong	Lead Independent Director	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	Independent Director	1 June 2023	–	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.

REPORT ON CORPORATE GOVERNANCE

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.

For FY2023, the NC has conducted the assessments on the effectiveness of the Board as a whole and peer-assessment of each individual Directors. 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 FY2023 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.

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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 RC comprises three Non-Executive Directors, a majority of whom, including the Chairman, are Independent Directors. The composition of the RC is as follows:-

Dr. Zheng Haibin (Chairman)
Dr. Choo Kian Koon
Mr. Sim Wee Leong

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.
- (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.

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The principal activities of the RC during FY2023 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 contracts of service that were due for renewal;
- b. reviewed and recommended to the Board the Directors' fees; and
- c. received the report on the summary of share buybacks, if any.

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.

For FY2023, 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:

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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.

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 FY2023, 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.

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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\$132,420 as Directors' fees for the FY2024, 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 FY2023 is as follows:-

Name of director	Fees S\$'000	(a) Fixed Component %	(b) Variable Component %	Benefits in Kind %	Other Long-term Incentives %	Total %
S\$250,000 and below						
Mr. Wong Sum	–	97	–	3	–	100
Ms. Wang Cuiping	–	78	22	–	–	100
Mr. Sim Wee Leong	54.45	–	–	–	–	100
Dr. Choo Kian Koon	48.40	–	–	–	–	100
Dr. Zheng Haibin	24.20	–	–	–	–	100
Mr. Ng Keong Khoon ^(c)	–	–	–	–	–	–

Notes:

- (a) Fixed Component refers to base salary and Annual Wage Supplement, if applicable, for FY2023.
- (b) Variable Component refers to variable or performance related bonus paid in FY2023.
- (c) Mr. Ng Keong Khoon was appointed as an Independent Director on 1 June 2023. Accordingly, there was no Director's fee payable to him in respect of FY2023.

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 2023, 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 FY2023 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	92	8	–	–	100
Mr. Ngai Ting Fung Ian	90	8	2	–	100

- (a) Fixed Component refers to base salary and Annual Wage Supplement, if applicable, for FY2023.
- (b) Variable Component refers to variable or performance related bonus paid in FY2023.

REPORT ON CORPORATE GOVERNANCE

As there were only top 2 Key Management Personnels for FY2023, 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 FY2023, 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.

The AC, with the assistance of the Internal Auditor ("IA"), reviews the adequacy and effectiveness of the Company'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 EA for FY2023, no exceptions were noted. The AC will review the IA's comments and findings and ensure that adequate and effective internal controls in the Group and follow up on actions 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 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.

REPORT ON CORPORATE GOVERNANCE

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 2023:-

- (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, position and prospects extends to interim and other price sensitive public reports, and reports to regulators on a half-yearly basis 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.

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 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 2023 to meet the needs of the Group, taking into account the nature and scope of its operations.

REPORT ON CORPORATE GOVERNANCE

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 AC comprises all Independent Directors and its composition is as follows:-

Mr. Sim Wee Leong (Chairman)
Dr. Choo Kian Koon
Dr. Zheng Haibin

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.
- (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 Interested Person Transactions ("**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.

REPORT ON CORPORATE GOVERNANCE

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 whistle blower 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 whistle blower shall report to the Group's head of IA and/or 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 CEO or his 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 whistle blowing received in FY2023.

Summary of the AC's activities in FY2023

The AC meets with the Group's IA, 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 FY2023, 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 FY2023. For FY2023, the aggregate amount of fees paid to the EA was RMB676,000 and there were no fees paid for non-audit services.

The EA had also confirmed their independence in this respect.

REPORT ON CORPORATE GOVERNANCE

- (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 101 to 103 of this Annual Report.

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.

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. Zhu Huili, who is a Certified Internal Auditor (“**CIA**”) with the Institute of Internal Auditors (“**IIA**”) since 2012 and has at least 30 years of experience in the accounting industry and more than 10 years of experience in internal audit.

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. Zhu 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 12 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. Zhu Huili 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.

REPORT ON CORPORATE GOVERNANCE

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 FY2023.

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.

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 EGM (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.

The Chairmen of the AC, RC and NC or their representatives, the Lead Independent Director, the Group Financial Controller and the EA will be available at the forthcoming AGM to attend to queries raised by shareholders. The Directors' attendance at the general meetings of the Company held in FY2023 is disclosed under provision 1.5 above.

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.

Alternative arrangements for the conduct of general meetings for the financial years ended 31 March 2020 to 31 March 2022

To minimise the spread of COVID-19 transmission, the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (as amended from time to time) ("**Alternative Arrangements Order**") came into force in 2020. The Alternative Arrangements Order provides for alternative arrangements for, amongst others, listed companies in Singapore to hold their general meetings other than physical means.

The Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation had jointly issued an Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period and checklist, which was based on the Alternative Arrangements Order and as updated from time to time ("**Joint Checklist**"). Such legislation allows entities to hold general meetings via electronic means amid the COVID-19 situation, and will continue to be in force until revoked by Ministry of Law in Singapore from 1 July 2023.

REPORT ON CORPORATE GOVERNANCE

Consequently, the Group had held AGMs for the financial years ended 31 March 2020, 31 March 2021 and 31 March 2022 by way of electronic means pursuant to the Joint Checklist.

Notwithstanding that shareholders of the Company were not allowed to attend in person the AGMs held by way of electronic means, the Company had put in place arrangements for shareholders to participate in the meeting by submitting questions ahead of the meeting, voting by proxy and/or watching or listening to the proceedings via a “live” webcast. The submission of questions and proxy forms was done electronically via a website set up for the purposes of the meeting, to an electronic mail address, or by depositing the same at the registered office of the Company’s Share Transfer Agent, B.A.C.S. Private Limited. The Company had informed the shareholders of such alternative arrangements and the details relating thereto ahead of the meeting in its notice of AGM released by the Company on SGXNET and its corporate website. The Company also addressed the substantial and relevant questions submitted by shareholders 48 hours before the meeting in an announcement released on SGXNET and its corporate website ahead of the meeting.

The Company had taken steps to ensure that the requirements in the Alternative Arrangements Order and the prevailing requirements of the Joint Checklist were complied with.

Voting by poll

The Company conducts its voting in general meetings by poll where shareholders are accorded rights proportionate to the shareholding and all votes are counted. Where physical meetings are held, manual poll voting is typically conducted “live” during such meeting.

Even when the general meetings were conducted by electronic means for the past 3 financial years ended 31 March 2020 to 31 March 2022, the resolutions tabled by the Company at such meetings were still voted on by poll notwithstanding that shareholders do not vote “live” during the meeting itself. The chairman of the meeting, acting as proxy, will cast the votes in accordance with the instructions specified by shareholders in their respective proxy forms. Such arrangement is in accordance with the requirements pursuant to the Joint Checklist (as defined above).

With the further easing of COVID-19 safe management measures, the Company will hold its upcoming FY2023 AGM physically to engage with its shareholders. Details of which are set out in the Notice of AGM.

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 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 FY2023 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 47 and 48 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 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 a set of Code of Conduct to provide guidance to its officers 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 consideration 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 FY2023, 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 FY2023 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 FY2023:

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	RMB314,712 (equivalent to approximately SGD63,079)	Nil
Ms. Chan Heung Ling Car Park Rental Expenses paid to Ms. Chan Heung Ling ⁽¹⁾	Controlling Shareholder, Ms. Chan Heung Ling	RMB52,452 (equivalent to approximately SGD10,513)	
Total		RMB367,164 (equivalent to approximately SGD73,592)	

(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 FY2023.

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

1. Business Review

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

While the Group is principally engaged in the business of property development, it has been exploring and seeking new opportunities to increase profitability. To diversify the Group’s business and better reflect the business nature and principal activity of the Group, the Group had changed its name to Pan Hong Holdings Group Limited from Pan Hong Property Group Limited with effect from 9 September 2015.

The Group strives to conduct its business in a transparent and honest manner. Pan Hong has zero tolerance for corruption. All employees and other persons representing Pan Hong are prohibited from offering, accepting, paying or authorising any bribes or any form of corruption in any business interaction that involves Pan Hong, government officials, clients, contractors, suppliers, or employees. Internal control manual and project bidding management system were established against bribery, extortion, fraud and money laundering among the contractors and suppliers. Whistle-blowing policies were implemented to all stakeholders to report suspected misconduct, malpractices or fraudulent activities. Audit Committee and Executive Management shall be responsible for the investigation of the reported cases.

All employees should be alert for occurrences of fraud and be aware that unusual transactions or behaviours could be indications of fraud. Employees will be subjected to disciplinary actions if they are found being engaged in fraudulent activities. Disciplinary actions include termination of an individual, or prosecution to the appropriate law enforcement and/or regulatory agencies for independent investigation, depending on the situation.

With the philosophy of emphasising on honesty to gain client’s trust, the Group endeavours to enhance its credibility and deliver the best products to its clients.

2. Scope and Framework

Scope and Boundary

This annual Sustainability Report covers sustainability progress from 1 April 2022 to 31 March 2023 and discusses Pan Hong’s achievements and performance towards Environmental, Social and Governance (“**ESG**”) issues on its operation in Hong Kong and Mainland China. In this report, workers of contractors and subcontractors and outsourced service workers are not regarded as employees of the Group.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option and applied the GRI Reporting Principles for Report Content and Report Quality. The GRI Standards were selected because they offer a globally relevant framework that supports a standardised approach for businesses to report on critical sustainability issues, encourages a degree of transparency and consistency, and makes information useful to markets and society.

This report is published in accordance with the Singapore Exchange Limited (“**SGX**”) Sustainability Reporting requirements set out in Listing Rule 711A and 711B. Reference has also been made to the SGX Sustainability Reporting Guide of Practice Note 7.6. No external assurance has been sought for this report. However, the internal auditor of the Group had conducted an internal review of the sustainability reporting process of the Group during the reporting period, and the Group may consider seeking external assurance as the sustainability reporting process matures over time.

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,

We are pleased to present Pan Hong's sixth annual Sustainability Report.

Since early nineties, the Group has seized the opportunity in the economic growth in Mainland China and started its property development projects in Zhejiang Province. Over the years, we have developed numerous exemplary properties within the industry. The Group has consistently delivered projects of superior quality through innovative design, quality improvement and sustainability governance.

We firmly believe that for companies to be successful, we must not only create financial value, but also social value by contributing to the environment and society. Given the rising concern in relation to climate change, product and service quality, and health and safety, we have placed a great emphasis on mitigating our ecofootprint, managing our product quality, and providing a safe working environment for our employees. Our sustainability strategy is to monitor and reduce our resource consumption, enhance and improve the quality of our products, nurture and inspire our employees, and ensure effective and ethical governance that stimulate sustainable economic growth.

The Board of Directors ("**Board**") recognises and values the importance of the sustainable performance of Pan Hong and considers all ESG issues and policies, stakeholder engagement and climate change. In order to ensure the material impacts of Pan Hong are covered, the Board has the responsibility to determine the material ESG factors, oversee the management, regularly review, monitor and evaluate material ESG issues. The management has the responsibility to execute the ESG policies and report the performance to the Board.

Pursuant to Rule 720(7) of the Listing Manual effective 1 January 2022, all Directors of the Company must undergo training on sustainability matters as prescribed by the SGX and the Company is required to confirm in its sustainability report for FY2023 that all its Directors have attended the mandatory training on sustainability, unless the Nominating Committee is of the view that training is not required because the Director has expertise in sustainability matters, of which, the basis of its assessment must be disclosed. As of 31 March 2023, all the Board members have completed the mandated sustainability training course organised by the Singapore Institute of Directors.

This report outlines our commitment to each sustainability area and shares our management approach.

4. Stakeholder Engagement and Material Issues

The sustainable development of a company is closely related to the engagement and the support of stakeholders. The Group communicates with stakeholders about ESG issues on a regular basis and identifies the ESG issues they are focusing on. Types of stakeholders and major channels for communication are 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

From amongst the broad spectrum of sustainability issues, Pan Hong prioritises the issues relevant to its stakeholders. The approach to materiality in this report is based on the recommendations of SGX Sustainability Reporting Guide of Practice Note 7.6. During the reporting period, the Group's materiality assessment process evaluated global sustainability challenges in the context of their importance to Pan Hong. As part of this exercise, internal stakeholders, including the Group's functional heads, contributed their perspectives regarding sustainability reporting and the broader ESG issues relevant to our business. The assessment also considered ESG issues relevant to the industry and the Group's operating locations. Relevant ESG issues were identified based on feedback from internal stakeholders, sustainability indices and the ESG reports of Pan Hong's local and international industry peers. Pan Hong's senior executives validated the range of ESG issues being reported and assured the results of materiality assessment reflects important issues of its business. Issues were grouped as "high importance" and "low importance".

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

- Procurement Practices
- Anti-Corruption
- Energy
- Water
- Emissions
- Environmental Compliance
- Employment
- Occupational Health and Safety
- Training and Education
- Child Labour
- Forced and Compulsory Labour
- Socioeconomic Compliance

5. Corporate Governance

A sound corporate governance is critical in managing Pan Hong's risks and opportunities. A combination of effective Board of Directors, practical policies and procedures helps to prevent corruption, employment of child labour and forced and compulsory labour, wastage of energy and water of the Group. The corporate governance is underpinned by the Group's vision, mission and values.

The Board of Directors provides oversight and strategic formulation to achieve the Group's vision and mission. The Board comprises Directors with core competencies in the fields of accounting and finance, and sustainable development. For more information on Pan Hong's Board composition (Principle 2) and nomination criteria (Principle 4), please refer to Pan Hong's Annual Report 2022–2023, Corporate Governance section.

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

6. Climate-related Disclosure

The Group recognises the enormous impact of climate change on the global economy and society and actively promotes climate risk management to protect the Earth’s habitat and maintain the sustainability of human existence. The Group will refer to various research reports, data, and information to identify climate-related risks related to the Group’s business and explore corresponding risk management measures through the assessment and analysis of climate risks. At the same time, the Group will identify climate-related opportunities related to its business and actively explore corresponding business opportunities. This report will report on the performance of the Group in climate change-related governance, strategy, risk management, and goal setting based on the framework of the Task Force on Climate-related Financial Disclosures (TCFD).

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;
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.

Overall, the Board of Directors and senior management need to ensure that the Group has formulated and implemented climate risk management plans and policies and ensure that employees understand the relevant norms to help the Group develop climate resilience and gradually achieve sustainable development goals.

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, organizing, and analyzing data and information related to climate risks and opportunities ● Collecting performance data on implemented climate change management strategies and measures, and reporting to management

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

Strategy

Considering the global climate change trend, the Group deeply recognises the serious impact of climate change on businesses and society, including but not limited to the frequent occurrence of natural disasters, the rise of energy costs, the increase of environmental requirements, and changes in policies and regulations. These factors not only have a negative impact on business operations but also threaten its profitability. In order to reduce these impacts and maintain profitability, the Group attaches great importance to and is committed to formulating climate strategies.

The Group's climate strategy aims to adapt to the operating environment under climate change while reducing the negative impact of climate change on business. The Group will formulate a series of climate strategies and establish climate risk management guidelines and processes to reduce the impact of climate risks on business operations.

The Group's understanding of climate change is becoming increasingly profound, and the importance of climate risk management is also increasing. However, as the Group is in the initial stage of climate risk management, there are many actions that need to be taken. In order to ensure the comprehensive implementation of relevant work, the Group has established a preliminary work schedule to track and monitor the progress of relevant work. We will regularly conduct climate risk assessments and management to identify and evaluate potential climate risks and develop corresponding response strategies and measures. At the same time, we will also actively communicate and cooperate with relevant stakeholders to achieve better results in climate risk management.

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.

We firmly believe that through continuous efforts and constant improvement of climate strategies, the Group will be able to better adapt to the business environment under climate change, reduce the negative impact of climate change on its operations, and make the necessary contributions to protecting the Earth.

- 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 <i>TR-1</i>	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 <i>TR-2</i>	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 <i>TR-3</i>	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 <i>TR-4</i>	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.

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For Pan Hong Holdings Group Limited

Risk	Time Horizon	Description	Potential Impact	Response
Physical risk				
<u>Chronic risk</u> Sea level rise and coastal flooding <i>PR-1</i>	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.
<u>Acute risk</u> Inland flooding <i>PR-2</i>	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 urbanization.	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.	
<u>Acute risk</u> Extreme storms and strong winds <i>PR-3</i>	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 short 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.	
<u>Chronic risk</u> Subsidence <i>PR-4</i>	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 stabilizing 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

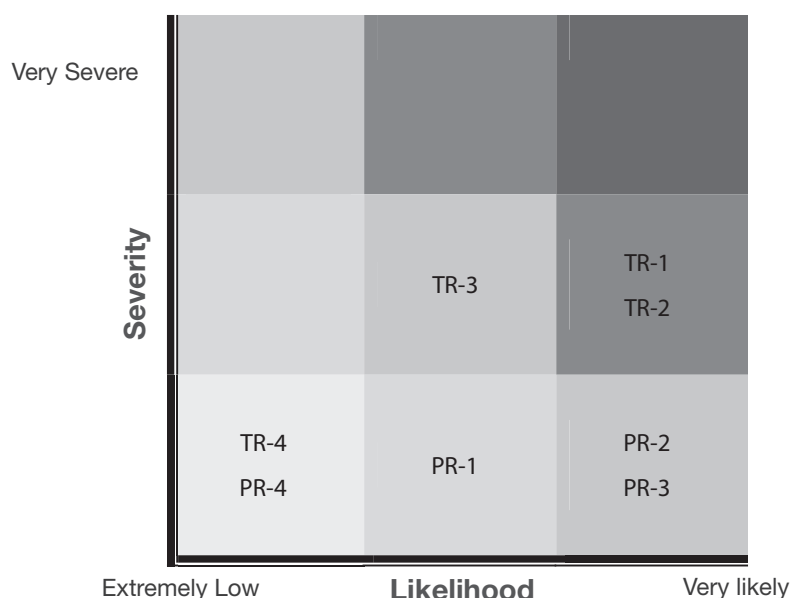
For Pan Hong Holdings Group Limited

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 analyzed the severity of its impact and the frequency of risk occurrence to derive the following climate risk matrix:



Overall, the impact of climate risks on the Group's business is relatively minor, while the transformation risk poses a greater risk to the Group's operations than substantial risks. The Group will formulate appropriate risk management policies based on this analysis and adjust them in a timely manner to ensure effective management.

Risk Management

To ensure the effective implementation of climate risk management, the Group's Board of Directors is responsible for leading and coordinating the Group's climate risk management. At the same time, the Group also needs to conduct regular employee training to raise awareness and understanding of climate risk management among employees to ensure that all employees can effectively participate in climate risk management.

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

Facing the challenge of climate change and resource scarcity, the Group has recognised the importance of environmental friendly business operation, and as part of the community, the Group is committed to supporting local environmental laws and regulations.

Emission Reduction

In accordance with the Group's environmental policy and sustainable property development tenant, the Group is committed to continuously improving its preventive measures for contractors to manage the onsite emissions.

In addition, contractors are required to set up on-site preventive measures for emission control. The Group strives to reduce its Greenhouse Gas emission through reducing electricity consumption.

Moreover, Greenhouse Gas emissions control relating to electricity efficiency and saving across the property development projects and office works has been implemented.

Overview of Pan Hong's Greenhouse Gas Emissions (the "GHG")*

	FY2023	FY2022
Scope 1 Direct Emission (tonnes of CO2 equivalent)(tCO2e)	21.13	21.43
Scope 2 Indirect Emission (tCO2e)	1,237.21	1,227.59
Total GHG Emission (tCO2e)	1,258.34	1,249.02
GHG Intensity (tCO2e in '000/RMB'M Revenue)	40.53	3.97

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

Noise generated from construction is carefully monitored and regularly assessed. The contractors are required to implement noise control measures and comply with relevant laws and regulations. Low-noise construction facilities are encouraged to use onsite to further reduce the noise emission.

The Group strives to comply with the laws and regulations relating to construction waste through establishing policies to restrict constructions' on-site practices. The waste sorting process is monitored by Pan Hong to ensure that the recycling of waste is maximised. Disposal records are regularly monitored by the Group to identify areas of improvements.

During the reporting period, the operation of the Group and its contractors have complied with all relevant environmental laws and regulations regarding waste handling.

Overview of Non-hazardous Waste Data*

	FY2023	FY2022
Paper consumption (tonnes)	1.55	0.50

* The reported figures represent non-hazardous waste from the major business units of the Group

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For Pan Hong Holdings Group Limited

Resource Conservation

Efficiency in energy consumption in terms of electricity, gas and fuel is crucial to the Group's business sustainable performance. The Group strives to achieve energy reduction through a variety of initiatives across the property development projects. During designing and planning phases of its properties, preference is given to energy saving building materials and equipment.

Overview of Energy Consumption*

	FY2023	FY2022
Electricity Consumption (kWh in '000)	1,240.93	1,231.28
Energy Produced from Fuel (kWh in '000)	25.73	26.09
Total Energy Consumption (kWh in '000)	1,266.66	1,257.37
Energy Intensity (kWh in '000/RMB'M Revenue)	40.79	4.00

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

The Group has also incorporated water conservation apparatus in its building design, including central water reuse facilities and water-saving toiletries to improve the water efficiency. Contractors are encouraged to implement appropriate measures and prevent freshwater wastage on site.

Overview of Water Consumption*

	FY2023	FY2022
Total Water Consumption (m ³)	30,982	39,863
Water Intensity (m ³ /RMB'M Revenue)	997.81	126.66

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

The Group targets to gradually reduce the emission volume followed by the above-mentioned measures. However, the Group would like to highlight that the emission volume is highly dependent on the number of projects and volume of construction work taken place in particular financial year. In addition, the Group's revenue recognition is dependent on the transfer of control of sold properties. Thus, the emission volume and intensity may appear irregular across reporting periods.

Significant Impacts of Activities on the Environment

The Group strictly complied with all national and local laws and regulations in relation to environmental protection and the use of natural resources during the year under review. To alleviate its impact on the environment and natural resources, the Group has followed green building concept in the development of real estate. The Group will continue to adhere to the safety, harmony and green development concept and make unremitting efforts to create a resource-saving and eco-friendly corporation in the future.

8. Investing In Our People

Employees are our internal stakeholders and are pivotal to our success. Pan Hong has established a labour union for certain of its employees in accordance with relevant laws and regulations.

Employment Practice and Labour Standard

In order to meet the requirements of business development and give full play to wage incentive, Company Salary Management Policy and Labour Contract are formulated in accordance with national labour and personnel management policies such as Employment Contract Law of the People's Republic of China and Contract Law of the People's Republic of China. Pan Hong maintains beneficial plans for all employees such as contributions to pension, unemployment insurance, medical insurance, industrial injury insurance, birth insurance and housing pension.

Child and forced labour are strictly prohibited in the Group. Age confirmation and identification check-up shall be carried out by Human Resources Department before employment. Furthermore, whistleblowing mechanism was established to encourage employees to address the above concerns through confidential and appropriate reporting channel.

No relevant complaint has been received during the reporting year

Training and Development

Employees are the key contributors to the growth of our Group. The Group has provided subsidies for courses and examinations for our employees who wish to attend construction and property-related courses, such as civil engineering. In addition, the Group has established programmes to allow them to take no-paid leave or work parttime if they decide to further their education. Pan Hong also organises external training courses for all-level staff by encouraging them to take vocational courses, such as construction and finance conducted by the relevant government agencies, to help raise their levels of technical expertise.

Health and Safety

The Group takes the responsibility of creating a safe workplace for its employees. According to relevant labour law, employees shall be notified of their working conditions by Pan Hong. In addition, for safety reasons, authorised permit is required to access the construction site.

Work Policies

The Group has formulated policies in determining the working hours and rest periods for employees in accordance with local employment laws. Apart from the basic leaves, such as annual leave, employees are also entitled to additional leaves, such as maternity leave, childcare leave, marriage leave, and compassionate leave, if such leave periods are granted in accordance with the relevant employment laws and in accordance with the provision of the local employment regulations.

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

Internal Promotion

Internal promotion and job opportunities are offered to existing employees and selection is based on the monthly reviewed work capability, attitude and quality of work of the employees on a point scoring system. Employees are encouraged to discuss their goals in job advancement and career development.

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

Equal Opportunity and Diversity

A diverse and skilled workforce is crucial for its business. The Group is committed to create and maintain an inclusive and collaborative workplace culture. It is dedicated to providing equal opportunities in all aspects of employment and maintaining workplace that are free from discrimination, physical or verbal harassment against any individual based on race, religion, gender, physical or mental disability, age, place of origin, marital status and sexual orientation. The Group also strives to ensure that complaints, grievances and concerns, including whistleblowing, are dealt with promptly and confidentially. The Group has zero tolerance on sexual harassment or abuse of any form in the workplace.

Pan Hong enjoys harmonious working relationship with its employees and endeavours to improve its relationship. The Group praises the work of the employees and rewards their efforts through organising company trips. The Group will continue to nurture talents as a foundation for growth and actively monitor the market for opportunity expansion. There has not been any incidence of labour strikes or disputes which affected the Group's operations.

9. Assuring Our Service Quality

With the spirit of “creating happiness for the clients, opportunities for the employees, value for the society and benefits for the enterprise” the Group strives to improve its service quality and deliver world-class products to its clients.

Pan Hong is committed to complying all the relevant laws and regulations during the entire property development process, including site selection and market research, land acquisition, project planning and design, construction work, sales of the property, delivery of property and after-sales service.

In order to ensure the quality of construction work, the Group evaluates and contracts with design and construction companies and suppliers with proven track records. Pan Hong also employs professional quality surveyors to oversee its quality management and control.

Suppliers and sub-contractors' assessments will be conducted periodically and the results of the evaluations, both positive and those needing improvement, will be promptly shared with the vendors. Suppliers who consistently fail to meet the Group's requirements may be subjected to suspension for future supply.

Internal guidelines, such as Project Bidding Management System and Materials or Equipment Procurement Management Methods, have been established and were strictly enforced to ensure control over documentation, record-keeping, internal audit, service standards and remedial actions.

The Group provides warranty to customers for the structure and certain fittings and facilities of its property developments in accordance with the relevant laws and regulations in Mainland China.

The Group has also established a set of procedures in handling customers' feedbacks or complaints in a professional manner. Upon receiving product or service-related enquiries or complaints, reviews will be conducted immediately. After complaints have been resolved, customers' satisfaction will be evaluated. The Group has received no complaints about the products with regards to health and safety, advertising, labelling or any privacy matters relating to products and services provided and method of redress during the reporting year.

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 recognises the intimate relationship between property development and community economics, and is aware of its social responsibility. While property development provides job opportunities to the community, the Group emphasises on employee welfare, through providing sports facilities and various workshop.

11. Material Factors and Targets

Material ESG Factors	FY2023 Targets	Performance	FY2024 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

Going forward, under the leadership of its visionary and experienced management, the Group will continue to nurture talents, provide quality services, adopt meaningful ESG practices and enhance sustainability in the property development sector.

The Group expects to drive potential opportunities for innovation from its sustainable development ambition for promoting sustainability culture into its business operation, practice and daily behaviour to its employees and contractors. This will increase the corporate reputation, stakeholders' satisfaction and the market recognition.

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GRI Content Index

Disclosure		Section/Page number(s)
General Disclosures		
Organisational Profile		
102-1	Name of the organisation	Business Review. Page 46
102-2	Activities, brands, products, and services	Business Review. Page 46
102-3	Location of headquarters	Business Review. Page 46
102-4	Location of operations	Business Review. Page 46
102-5	Ownership and legal form	Business Review. Page 46
102-6	Market served	Business Review. Page 46
102-7	Scale of the organisation	Business Review. Page 46
102-8	Information on employee and other workers	Investing In Our People. Page 57-58
102-9	Supply chain	Assuring Our Service Quality. Page 58
102-10	Significant changes to the organization 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 47
102-15	Key impacts, risks, and opportunities	Stakeholder Engagement and Material Issues. Page 47-48
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	Business Review. Page 46
102-17	Mechanisms for advice and concerns about ethics	Business Review. Page 46
Governance		
102-18	Governance structure	Report on Corporate Governance. Page 19-45
Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholder Engagement and Material Issues. Page 47-48
102-41	Collective bargaining agreements	No collective bargaining agreements are in place.
102-42	Identify and selecting stakeholders	Stakeholder Engagement and Material Issues. Page 47-48
102-43	Approach to stakeholder engagement	Stakeholder Engagement and Material Issues. Page 47-48
102-44	Key topics and concerns raised	Stakeholder Engagement and Material Issues. Page 47-48

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Disclosure		Section/Page number(s)
Reporting Practice		
102-45	Entities included in the consolidated financial statement	Scope and Framework. Page 46
102-46	Defining report content and topic boundaries	Scope and Framework. Page 46
102-47	List of material topics	Stakeholder Engagement and Material Issues. Page 47-48
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 46
102-51	Date of most recent report (if any)	Not applicable.
102-52	Reporting cycle	Scope and Framework. Page 46
102-53	Contact of reporting in accordance with the GRI Standards	Scope and Framework. Page 46
102-54	Claims of reporting in accordance with the GRI Standards	Scope and Framework. Page 46
102-55	GRI content index	GRI Content Index. Page 60-63
102-56	External assurance	Scope and Framework. Page 46
Topic-Specific Disclosure		
Economic		
GRI 204: Procurement Practices		
103-1	Explanation of the material topic and its boundary	Assuring Our Service Quality. Page 58
103-2	The management approach and its components	Assuring Our Service Quality. Page 58
103-3	Evaluation of the management approach	Assuring Our Service Quality. Page 58
GRI 205: Anti-Corruption		
103-1	Explanation of the material topic and its boundary	Business Review. Page 46
103-2	The management approach and its components	Business Review. Page 46
103-3	Evaluation of the management approach	Business Review. Page 46
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 55-56
103-2	The management approach and its components	Reducing Environmental Impacts. Page 55-56
103-3	Evaluation of the management approach	Reducing Environmental Impacts. Page 55-56

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Disclosure		Section/Page number(s)
GRI 303: Water		
103-1	Explanation of the material topic and its boundary	Reducing Environmental Impacts. Page 55-56
103-2	The management approach and its components	Reducing Environmental Impacts. Page 55-56
103-3	Evaluation of the management approach	Reducing Environmental Impacts. Page 55-56
GRI 305: Emissions		
103-1	Explanation of the material topic and its boundary	Reducing Environmental Impacts. Page 55-56
103-2	The management approach and its components	Reducing Environmental Impacts. Page 55-56
103-3	Evaluation of the management approach	Reducing Environmental Impacts. Page 55-56
GRI 307: Environmental Compliance		
103-1	Explanation of the material topic and its boundary	Reducing Environmental Impacts. Page 55-56
103-2	The management approach and its components	Reducing Environmental Impacts. Page 55-56
103-3	Evaluation of the management approach	Reducing Environmental Impacts. Page 55-56
Society		
GRI 401: Employment		
103-1	Explanation of the material topic and its boundary	Investing In Our People. Page 57-58
103-2	The management approach and its components	Investing In Our People. Page 57-58
103-3	Evaluation of the management approach	Investing In Our People. Page 57-58
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Investing In Our People. Page 57-58
GRI 403: Occupational Health and Safety		
103-1	Explanation of the material topic and its boundary	Investing In Our People. Page 57-58
103-2	The management approach and its components	Investing In Our People. Page 57-58
103-3	Evaluation of the management approach	Investing In Our People. Page 57-58
GRI 404: Training and Education		
103-1	Explanation of the material topic and its boundary	Investing In Our People. Page 57-58
103-2	The management approach and its components	Investing In Our People. Page 57-58
103-3	Evaluation of the management approach	Investing In Our People. Page 57-58
GRI 408: Child Labour		
103-1	Explanation of the material topic and its boundary	Investing In Our People. Page 57-58
103-2	The management approach and its components	Investing In Our People. Page 57-58
103-3	Evaluation of the management approach	Investing In Our People. Page 57-58
GRI 409: Forced and Compulsory Labour		
103-1	Explanation of the material topic and its boundary	Investing In Our People. Page 57-58
103-2	The management approach and its components	Investing In Our People. Page 57-58
103-3	Evaluation of the management approach	Investing In Our People. Page 57-58

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Disclosure		Section/Page number(s)
GRI 419: Socioeconomic Compliance		
103-1	Explanation of the material topic and its boundary	Financial Highlight. Page 3-5 Report on Corporate Governance. Page 19-45 Notes to the Financial Statement. Page 76-123
103-2	The management approach and its components	Financial Highlight. Page 3-5 Report on Corporate Governance. Page 19-45 Notes to the Financial Statement. Page 76-123
103-3	Evaluation of the management approach	Financial Highlight. Page 3-5 Report on Corporate Governance. Page 19-45 Notes to the Financial Statement. Page 76-123

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**”) and the statement of financial position of the Company for the financial year ended 31 March 2023 (“**FY2023**”).

DIRECTORS

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

Mr. Wong Sum	(Executive Chairman)
Mr. Sim Wee Leong	(Lead Independent Director)
Dr. Choo Kian Koon	(Independent Director)
Dr. Zheng Haibin	(Independent Director)
Mr. Ng Keong Khoon	(Independent Director, appointed on 1 June 2023)
Ms. Wang Cuiping	(Executive Director and Chief Executive Officer)

In accordance with the Company's Bye-laws, Mr. Wong Sum and Mr. Ng Keong Khoon shall retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

Mr Sim Wee Leong will be retiring as Director of the Company pursuant to the Company's Bye-law 86(1) at the conclusion of the forthcoming Annual General Meeting (“**AGM**”). Accordingly, Mr Sim Wee Leong shall also retire as the Lead Independent Director of the Company, chairman of the Audit Committee (“**AC**”) and members of the Remuneration Committee (“**RC**”) and Nominating Committee (“**NC**”) 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 01.04.2022	At 31.03.2023/ 21.04.2023	At 01.04.2022	At 31.03.2023/ 21.04.2023
Ordinary shares				
Wong Sum (<i>Executive Chairman</i>)	–	–	–	–
Sim Wee Leong (<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' 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 Audit Committee ("AC"), Nominating Committee and Remuneration Committee are set out in the Corporate Governance Report under pages 19 to 45 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 FY2023 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 FY2023 are set out under pages 37 to 42 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 financing, operational, compliance and information technology risks, and risk management systems were adequate and effective as at 31 March 2023.

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 2023.

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

29 June 2023

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 72 to 123, 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 2023 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

29 June 2023

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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 72 to 123, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2023;
- 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 a summary of significant accounting policies.

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 2023 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 International Financial Reporting Standards (“IFRSs”).

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 RMB31.0 million for the year ended 31 March 2023. 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 3.5, 4.2 and 6 to the consolidated financial statements

Audit response

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 3.5 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 RMB157 million and properties held under development of RMB1,634 million together represent 78% of total assets on the consolidated statement of financial position as at 31 March 2023.

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 3.8, 3.9, 4.1, 18 and 19 to the consolidated financial statements

Audit response

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 2023 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 IFRSs, 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
29 June 2023

BDO Limited
Certified Public Accountants
Hong Kong
29 June 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	Group	
		2023 RMB'000	2022 RMB'000
Revenue	6	31,049	314,717
Cost of sales		(16,246)	(205,819)
Gross profit		14,803	108,898
Other income and other gains and losses	6	1,461	32,645
Selling and distribution expenses		(8,231)	(9,532)
Administrative expenses		(16,511)	(19,297)
Share of loss of an associate		(12)	(182)
Operating (loss)/profit		(8,490)	112,532
Finance costs	7	(3,804)	(735)
(Loss)/profit before income tax	8	(12,294)	111,797
Income tax credit/(expense)	9	5,557	(43,000)
(Loss)/profit for the year		(6,737)	68,797
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		(931)	(986)
Item that may be reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		(907)	155
Other comprehensive income for the year		(1,838)	(831)
Total comprehensive income for the year		(8,575)	67,966
(Loss)/profit for the year attributable to:			
Owners of the Company		(6,330)	69,317
Non-controlling interests		(407)	(520)
		(6,737)	68,797
Total comprehensive income attributable to:			
Owners of the Company		(8,168)	68,486
Non-controlling interests		(407)	(520)
		(8,575)	67,966
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company during the year (in RMB cents):			
- Basic and diluted	11	(1.24)	13.53

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2023

	Notes	Group		Company	
		31 March 2023 RMB'000	31 March 2022 RMB'000	31 March 2023 RMB'000	31 March 2022 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	12	52,039	46,164	-	-
Investment properties	13	58,580	59,420	-	-
Investments in subsidiaries	14	-	-	278,608	278,608
Interests in associates	15	1,806	1,818	-	-
Financial asset at fair value through other comprehensive income	16	26,547	27,478	15,992	16,553
Deferred tax assets	17	6,551	6,551	-	-
		145,523	141,431	294,600	295,161
Current assets					
Properties held under development	18	1,633,603	573,593	-	-
Properties held for sale	19	156,601	187,142	-	-
Contract cost assets	6	15,581	-	-	-
Prepayments and other receivables	20	109,986	885,808	125	125
Amounts due from subsidiaries	21	-	-	365,554	365,554
Financial assets at fair value through profit or loss	22	80	276	-	-
Tax recoverable		18,096	13,565	-	-
Cash and bank balances	23	212,201	28,073	153	154
		2,146,148	1,688,457	365,832	365,833
Current liabilities					
Accruals and other payables	24	232,713	259,141	24	24
Contract liabilities	6	532,933	27,636	-	-
Current tax liabilities		104,655	126,688	-	-
Amounts due to related parties	21	87,297	86,337	337,817	335,566
Bank and other loans	25	285,611	27,520	-	-
		1,243,209	527,322	337,841	335,590
Net current assets		902,939	1,161,135	27,991	30,243
Total assets less current liabilities		1,048,462	1,302,566	322,591	325,404
Non-current liabilities					
Bank and other loans	25	30,000	275,000	-	-
Deferred tax liabilities	17	4,260	4,789	-	-
		34,260	279,789	-	-
Net assets		1,014,202	1,022,777	322,591	325,404
EQUITY					
Equity attributable to owners of the Company					
Share capital	26	52,241	52,241	52,241	52,241
Reserves	27	942,296	950,464	270,350	273,163
		994,537	1,002,705	322,591	325,404
Non-controlling interests		19,665	20,072	-	-
Total equity		1,014,202	1,022,777	322,591	325,404

Wong Sum
Director

Wang Cuiping
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023

	Group	
	2023 RMB'000	2022 RMB'000
Cash flows from operating activities		
(Loss)/profit before income tax	(12,294)	111,797
Adjustments for:		
Interest income	(917)	(6,741)
Interest expense	3,804	735
Depreciation of property, plant and equipment	3,891	2,224
Gain on disposal of property, plant and equipment	–	(10,910)
Loss on written-off of property, plant and equipment	23	–
Gain on disposal of financial assets at fair value through profit or loss	(24)	(15,714)
Net fair value (gain)/loss on financial assets at fair value through profit or loss	(8)	3,686
Net fair value loss/(gain) of investment properties	1,757	(437)
Share of loss of an associate	12	182
Operating (loss)/profit before working capital changes	(3,756)	84,822
(Increase)/decrease in properties held under development and properties held for sale	(281,739)	67,465
Decrease/(increase) in other receivables and prepayments	37,312	(606,102)
Increase in contract cost assets	(15,581)	–
Increase in restricted bank balances	(168,206)	(2,739)
Decrease in financial assets at fair value through profit or loss	228	40,040
Increase/(decrease) in other payables, accruals and contract liabilities	478,869	(165,645)
Cash generated from/(used in) operations	47,127	(582,159)
Interest received	917	6,741
Income taxes paid	(21,446)	(117,922)
<i>Net cash generated from/(used in) operating activities</i>	26,598	(693,340)
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,002)	(2,614)
Proceeds from disposals of property, plant and equipment	–	21,385
<i>Net cash (used in)/generated from investing activities</i>	(1,002)	18,771
Cash flows from financing activities		
Advance from related parties	300	86,200
Proceed from new borrowings	85,000	295,000
Repayments of borrowings	(72,510)	(2,367)
Dividend paid	–	(36,629)
Interest paid	(22,514)	(12,214)
<i>Net cash (used in) /generated from financing activities</i>	(9,724)	329,990
Net increase/(decrease) in cash and cash equivalents	15,872	(344,579)
Effect of foreign exchange difference	50	275
Cash and cash equivalents at beginning of the year	24,452	368,756
Cash and cash equivalents at end of the year	40,374	24,452
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	212,201	28,073
Less: restricted bank balances	(171,827)	(3,621)
	40,374	24,452

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	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		Exchange reserve	Retained earnings	Non-controlling interests	Total equity
							Reserve	Income				
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 April 2021												
Transactions with owners	52,241	(12,817)	(2,243)	87,430	3,838	85,452	(2,884)	(10,743)	770,574	970,848	20,592	991,440
Dividend declared	-	-	-	-	-	-	-	-	(36,629)	(36,629)	-	(36,629)
Profit/(loss) for the year	-	-	-	-	-	-	-	-	69,317	69,317	(520)	68,797
Other comprehensive income												
Changes in fair value of financial asset at fair value through other comprehensive income	-	-	-	-	-	-	(986)	-	-	(986)	-	(986)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	155	-	155	-	155
Total comprehensive income for the year	-	-	-	-	-	-	(986)	155	69,317	68,486	(520)	67,966
Transfer to statutory reserves	-	-	-	7,003	-	-	-	-	(7,003)	-	-	-
At 31 March 2022 and 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)	-	-	-
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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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 72 to 123 have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) which collective term includes all applicable individual International Financial Reporting Standards and Interpretations approved by the International Accounting Standards Board (“IASB”), and all applicable individual International 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 2023 were approved for issue by the Directors on 29 June 2023.

2. ADOPTION OF NEW OR AMENDED IFRSs

In current year, the Group has adopted, for the first time, the following new and revised standards, amendments and interpretations (the “new IFRSs”) issued by IASB and the International Financial Reporting Interpretations Committee (the “IFRIC”) of the IASB, which are relevant to the Group’s operations effective for its financial statements for the annual period beginning on 1 April 2022.

Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRSs 2018–2020
Amendments to IFRS 3	Reference to Conceptual Framework

None of these new IFRSs has a material impact on the Group’s results and financial position for the current or prior period.

The following new IFRSs 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 IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 1	Classification of liabilities as Current or Non-current ²
Amendments to IAS 1	Non-current Liabilities with Covenants ²
Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to IFRS 16	Liability in a Sale and Leaseback ²

1 Effective for annual periods beginning on or after 1 January 2023

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies 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 new IFRSs 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, and 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 significant to the financial statements are disclosed in note 4 to the financial statements.

3.2 Basis of consolidation and business combination

(a) 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 results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

(b) Business combinations and goodwill

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interest that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by IFRS. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Basis of consolidation and business combination (Continued)

(b) Business combinations and goodwill (Continued)

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

Changes in the Group's interests in a subsidiary that do not result in a loss of control of the subsidiary are accounted for as equity transactions. 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.

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for on the same basis as would be required if the relevant assets or liabilities were disposed of.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

3.3 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (i) power over the investee, (ii) exposure, or rights, to variable returns from the investee, and (iii) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the Company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists, the Company considers all relevant facts and circumstances, including:

- the size of the Company's voting rights relative to both the size and dispersion of other parties who hold voting rights;

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Subsidiaries (Continued)

- substantive potential voting rights held by the Company and other parties who hold voting rights;
- other contractual arrangements; and
- historic patterns in voting attendance.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

3.4 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, all amounts previously recognised in other comprehensive income in relation to that associate are recognised on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 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.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- 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.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

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 is 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 services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

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 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 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%
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.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.7 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, unless it is still in the course of construction or development at the reporting date and its fair value cannot be reliably determined at that time.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Investment properties (Continued)

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.

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognised in profit or loss.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property, calculated as the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss in the period in which the property is derecognised.

3.8 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 3.10) 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.

3.9 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 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 3.7), 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 3.6), they are carried at depreciated cost.

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.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Leases (Continued)

Lease liability (Continued)

Accounting as a lessor (Continued)

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.

3.11 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and are recognised as other revenue, rather than reducing the related expense.

3.12 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.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial Instruments (Continued)

(i) Financial assets (Continued)

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.

(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-months 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial Instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

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.

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 FVTPL are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

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) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial Instruments (Continued)

(vi) 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 3.12; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the principles of IFRS 15.

(vii) 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.

3.13 Foreign currency translation

The consolidated financial statements are presented in RMB, which is also the functional currency of the Company.

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the reporting date. Income and expenses have been converted into the RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 have been treated as assets and liabilities of the foreign operation and translated into RMB at the closing rates.

When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Accounting for income tax

Income tax comprises current tax and deferred tax.

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.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill not deductible for tax purposes and initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits, taxable temporary differences arising on investments in subsidiaries, associates and joint ventures 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.

Changes in deferred tax assets or liabilities are recognised in the profit or loss or in other comprehensive income or directly in equity if they relate to items that are charged or credited directly to other comprehensive income or 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 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 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.

3.15 Cash and bank balances

Cash and bank balances 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. For the purpose of the consolidated statement of cash flows, cash and cash equivalents excludes restricted bank balances.

3.16 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.

3.17 Retirement benefit costs and short term employee benefits

Retirement benefits to employees

The Group operates a defined contribution scheme ("MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance which is available to its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are made based on a percentage of employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Retirement benefits to employees (Continued)

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.

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.

3.18 Share capital, treasury shares and share premium

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in equity.

Share premium includes any premiums received on the issuance of shares over the par value. Any transaction costs associated with the issuance of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3.19 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.

3.20 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Provisions and contingent liabilities

Provisions are 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.

3.22 Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to financial statements. Interim dividends are simultaneously proposed and declared and consequently recognised immediately as a liability when they are proposed and declared.

3.23 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.23 Related parties (Continued)

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:

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 2023, properties held for sale with carrying amount of approximately RMB917,000 (2022: RMB5,508,000) 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 2023 were approximately RMB81,944,000 (2022: RMB83,804,000) 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 2023 were approximately RMB1,633,603,000 (2022: RMB573,593,000) and RMB156,601,000 (2022: RMB187,142,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

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.

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 3.5 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

5. SEGMENT INFORMATION (Continued)

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 2023 and 2022.

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.

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 from continuing operations recognised during the year are as follows:

	Group	
	2023 RMB'000	2022 RMB'000
Revenue		
Sale of properties held for sale	31,049	314,717
Other income and other gains and losses		
Exchange gain/(loss), net	5	(17)
Gain on disposal of financial assets at FVTPL	24	15,714
Net fair value gain/(loss) on financial assets at FVTPL	8	(3,686)
Net fair value (loss)/gain of investment properties	(2,120)	(2,045)
Fair value gain on the day transfer from properties held for sale	363	2,482
Gain on disposal of property, plant and equipment	-	10,910
Loss on written-off of property, plant and equipment	(23)	-
Interest income		
- from bank deposits	382	691
- from other receivables	443	4,541
- from structured bank balances	92	1,509
	917	6,741
Rental income	1,750	2,546
Sundry income	537	-
	1,461	32,645

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

	Group	
	2023 RMB'000	2022 RMB'000
Contract cost assets	15,581	-

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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

Contract costs capitalised as at 31 March 2023 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. No capitalised costs were recognised in profit or loss during the year ended 31 March 2023 (2022: Nil). There was no impairment in relation to the costs capitalised during the year ended 31 March 2023.

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

	Group	
	2023	2022
	RMB'000	RMB'000
Contract liabilities	532,933	27,636

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

Contract liabilities of approximately RMB800,000 as of 31 March 2022 (1 April 2021: RMB231,711,000) are recognised as revenue during the year from acceptance of properties by customers and the contract liabilities as at 31 March 2023 and 2022 were arising from the advance considerations received from customers.

As at 31 March 2023, contract liabilities or the aggregated amount of the deposits received from the remaining performance obligations under the Group's existing contracts was approximately RMB532,933,000 (2022: RMB27,636,000). The Group will recognise the expected revenue amounting to RMB648,521,000 in future, which is expected to occur in the next 1 to 2 years.

7. FINANCE COSTS

	Group	
	2023	2022
	RMB'000	RMB'000
Interest charges on financial liabilities stated at amortised cost:		
Bank and other loans	22,514	12,214
Less: amount capitalised in properties held under development	(18,710)	(11,479)
	3,804	735

- (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 2023, the interests on a bank loan contain a repayment on demand clause and bank and other loans have no demand clause amounted to approximately RMB330,000 (2022: RMB261,000) and RMB22,184,000 (2022: RMB11,953,000) respectively.
- (b) The weighted average capitalisation rate of borrowings was 5.65% (2022: 5.73%) per annum for the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

8. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging/(crediting):

	Group	
	2023 RMB'000	2022 RMB'000
Auditors' remuneration	676	631
Depreciation of property, plant and equipment (note 12)	3,891	2,224
Cost of properties held for sale recognised as expense	15,335	204,200
Short-term lease expenses	146	166
Outgoing expenses in respect of investment properties that generated rental income during the year	219	259
Employee costs, including directors' remuneration		
- Wages and salaries	10,773	9,280
- Retirement benefit scheme contributions – defined contribution plans	1,769	2,504
Less: amount capitalised in properties held under development	(2,995)	(3,757)
	9,547	8,027
Other taxes	2,012	1,520

9. INCOME TAX (CREDIT)/EXPENSE

	Notes	Group	
		2023 RMB'000	2022 RMB'000
Current tax – PRC			
- Enterprise income tax (“EIT”)	(a)	4,464	25,925
- LAT	(b)	5,719	17,800
Over-provision in respect of prior years – PRC			
- LAT		(15,301)	–
		(5,118)	43,725
Deferred income tax (note 17)		(439)	(725)
Total income tax (credit)/expense		(5,557)	43,000

Notes:

- (a) EIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2022: 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% (2022: 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 2023

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

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

	Group	
	2023 RMB'000	2022 RMB'000
(Loss)/profit before income tax	(12,294)	111,797
Tax on (loss)/profit before taxation, calculated at the rates applicable to (loss)/profit in the jurisdiction concerned	(3,073)	27,949
Tax effect of non-taxable income	(680)	(4,250)
Tax effect of non-deductible expenses	5,383	3,451
Provision for LAT for the year	5,719	17,800
Tax effect on EIT of LAT payable	2,395	(4,450)
Effect of withholding income tax on distributable profits of the Group's PRC subsidiaries	-	2,500
Over-provision in respect of prior years	(15,301)	-
Total income tax (credit)/expense	(5,557)	43,000

10. DIVIDENDS

Dividends of the Company attributable to the years are as follows:

	2023 RMB'000	2022 RMB'000
Final dividends paid in respect of prior year	-	36,629

The dividend paid during the year ended 31 March 2022 was the final dividend of SGD0.015 (equivalents to RMB0.07) per ordinary share for the year ended 31 March 2021.

The Board has resolved not to declare final dividend to the Shareholders for the years ended 31 March 2023 and 2022.

11. (LOSS)/EARNINGS PER SHARE

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

	2023 RMB'000	2022 RMB'000
(Loss)/earnings		
(Loss)/earnings for the purpose of calculating basic (loss)/earnings per share ((loss)/profit for the year attributable to owners of the Company)	(6,330)	69,317
Number of shares		
Number of ordinary shares in issue during the year for the purpose of calculating basic (loss)/earnings per share	512,311,024	512,311,024

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings 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 2023

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
At 1 April 2021						
Cost	4,759	2,826	8,329	42,290	17,214	75,418
Accumulated depreciation	(3,309)	(2,771)	(4,134)	(4,735)	(3,654)	(18,603)
Carrying amount	1,450	55	4,195	37,555	13,560	56,815
Year ended 31 March 2022						
Opening carrying amount	1,450	55	4,195	37,555	13,560	56,815
Additions	524	–	–	–	2,090	2,614
Disposal	–	(24)	–	(10,452)	–	(10,476)
Depreciation	(554)	(24)	(222)	(1,063)	(594)	(2,457)
Exchange difference	(1)	(7)	(230)	(87)	(7)	(332)
Closing carrying amount	1,419	–	3,743	25,953	15,049	46,164
At 31 March and 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 2023						
Opening carrying amount	1,419	–	3,743	25,953	15,049	46,164
Transfer from properties held for sale (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
At 31 March 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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Buildings held by the Group are located in the PRC and Hong Kong. At 31 March 2023, the Group's certain buildings of approximately RMB5,653,000 (2022: RMB5,443,000) were pledged for bank loans (note 25) of the Group.

Depreciation charges have been included in:

	2023 RMB'000	2022 RMB'000
Depreciation for the year	3,894	2,457
Capitalised in properties held under development	(3)	(233)
	3,891	2,224

The depreciation of right-of-use assets charged to profit or loss for the year ended 31 March 2023 was approximately RMB234,000 (2022: RMB222,000).

13. INVESTMENT PROPERTIES

	Group	
	2023 RMB'000	2022 RMB'000
Carrying amount at beginning of the year	59,420	53,475
Transfer from properties held for sale at cost	917	5,508
Fair value gain on the day transfer from properties held for sale	363	2,482
Net fair value loss charged to profit or loss	(2,120)	(2,045)
Carrying amount at end of the year	58,580	59,420

The investment properties included leasehold interests in land located in the PRC with lease terms expiring from 2032 to 2049 (2021: 2032 to 2049). As at 31 March 2023, the building ownership certificates of certain investment properties of the Group with carrying amount of approximately RMB180,000 (2022: RMB190,000) 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 2023 and 2022, properties held for sale with carrying amount of approximately RMB917,000 (2022: RMB5,508,000) (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 RMB1,280,000 (2022: RMB7,990,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

13. INVESTMENT PROPERTIES (Continued)

The fair values of the investment properties at 31 March 2023 and 2022 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 approach 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.

	2023 RMB'000	2022 RMB'000
Opening balance (level 3 recurring fair value)	59,420	53,475
Transfer from properties held for sale at cost	917	5,508
Fair value gain on the day transfer from properties held for sale	363	2,482
Change in revaluation of investment properties included in other income and other gains and losses	(2,120)	(2,045)
Closing balance (level 3 recurring fair value)	58,580	59,420

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% (2022: 4.5% - 5.5%)	The higher the term yield, the lower the fair value.
			Reversionary yield	5.5% - 6.0% (2022: 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 2023

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023	2022
	RMB'000	RMB'000
Unlisted investments, at cost	278,608	278,608

Particulars of principal 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	
			2023	2022
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, PRC	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 2023

14. INVESTMENTS IN SUBSIDIARIES (Continued)

Particulars of principal 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	
			2023	2022
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

	2023 RMB'000	2022 RMB'000
Current		
Assets	533,919	354,803
Liabilities	(385,499)	(63,372)
Total net current assets and net assets	148,420	291,431
Accumulated non-controlling interests	19,665	20,072

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

14. INVESTMENTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(b) (Continued)

Huzhou Delong

Summarised statement of comprehensive income

	2023 RMB'000	2021 RMB'000
Revenue	-	-
Loss before income tax	(3,070)	(3,922)
Total comprehensive income	(3,070)	(3,922)
Total comprehensive income attributable to non-controlling interests	(407)	(520)

Summarised statement of cash flows

	2023 RMB'000	2022 RMB'000
Cash flows from operating activities		
Cash generated from/(used in) operations	29,559	(171,859)
Interest received	101	432
Net cash generated from/(used in) operating activities	29,660	(171,427)
Cash flows from investing activity		
Purchases of property, plant and equipment	(9)	-
Net cash used in investing activity	(9)	-
Cash flows from financing activities		
Proceed from new borrowings	-	160,000
Repayment of bank borrowings	(50,000)	-
(Repayment to)/advance from a related party	(4,000)	4,000
Advance from fellow subsidiaries	54,100	1,900
Net cash generated from financing activities	100	165,900
Net increase/(decrease) in cash and cash equivalents	29,751	(5,527)
Cash and cash equivalents at beginning of the year	4,015	9,542
Cash and cash equivalent at the end of the year	33,766	4,015

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

15. INTERESTS IN ASSOCIATES

	Group	
	2023	2022
	RMB'000	RMB'000
Share of net assets	1,806	1,818

Details of the associates 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	
				2023	2022
Yunnan Hanju Investment Co., Ltd. ("Yunnan Hanju") (note (a))	PRC	Dormant, PRC	Nil	–	28.57%
Huzhou Yunlan Tourism Development Co., Ltd. ("Huzhou Yunlan") (note (b))	PRC	Dormant, PRC	5,000,000	40%	40%

Notes:

- (a) In January 2019, the Group established Yunnan Hanju with Shanghai Dingxun Industries (Group) Co., Ltd. ("Shanghai Dingxun"), Hunan Hengcheng New Energy Technologies Co., Ltd. ("Hunan Hengcheng"), Shanghai Taiheng Investment (Group) Co., Ltd. ("Shanghai Taiheng") and Jiadingxun (Shenzhen) Investment Consultancy Co., Ltd. ("Jiadingxun").

The shareholdings held by the Group, Shanghai Dingxun, Hunan Hengcheng, Shanghai Taiheng and Jiadingxun are 28.57%, 28.57%, 28.57%, 7.145% and 7.145% respectively.

Pursuant to the Yunnan Hanju's shareholders' resolution, Yunnan Hanju was dissolved and ceased to be the Group's associate during the year ended 31 March 2023.

- (b) 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 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:

	2023	2022
	RMB'000	RMB'000
Share of the associate's loss and comprehensive income for the year ended 31 March	12	182
Aggregate carrying amount of the Group's interest in an associate as at 31 March	1,806	1,818

As at 31 March 2023, the Group's associate does not have any contingent liabilities and capital commitment (2022: nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Company	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Equity instrument measured at FVOCI				
Unlisted equity investment	26,547	27,478	15,992	16,553

At 31 March 2023, balance of approximately RMB26,547,000 (2022: RMB27,478,000) represented carrying amount of 16.6% (2022: 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 (2022: 25%). The movement on the deferred tax assets/(liabilities) is as follows:

	Deferred tax assets in respect of provision for LAT	Group Deferred tax liabilities in respect of fair value change of investment properties	Total
	RMB'000	RMB'000	RMB'000
At 1 April 2021	5,669	(4,632)	1,037
Deferred tax credited/(charged) to profit or loss (note 9)	882	(157)	725
At 31 March 2022 and 1 April 2022	6,551	(4,789)	1,762
Deferred tax credited to profit or loss (note 9)	-	439	439
Exchange difference	-	90	90
At 31 March 2023	6,551	(4,260)	2,291

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 at 31 March 2022 and 2023.

Withholding rate of 5% or 10% is imposed on dividends distributed to foreign investors. At 31 March 2023, deferred tax liabilities amounted to approximately RMB29,299,000 (2022: RMB28,959,000) in respect of aggregate amount of temporary difference of approximately RMB585,982,000 (2022: RMB579,181,000) 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 2023

18. PROPERTIES HELD UNDER DEVELOPMENT

	Group	
	2023	2022
	RMB'000	RMB'000
Leasehold interests in land	1,165,890	420,443
Development costs	437,524	141,671
Finance costs capitalised	30,189	11,479
	1,633,603	573,593

At 31 March 2023, properties held under development amounting to approximately RMB1,187,507,000 (2022: RMB573,593,000) were not scheduled to be transferred to customers within twelve months.

Leasehold interests in land are located in the PRC and have lease terms expiring from 2055 to 2091 (2022: 2055 to 2090). The Group's leasehold interests in land are analysed as follows:

	Group	
	2023	2022
	RMB'000	RMB'000
Leasehold interests in land held on:		
- Leases of over 30 years	1,165,890	420,443

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.

19. PROPERTIES HELD FOR SALE

Properties held for sale included leasehold interests in land located in the PRC with lease terms expiring from 2046 to 2085 (2022: 2046 to 2080). As at 31 March 2023, the carrying value of the operating lease up-front payments on the leasehold interests in land amounted to approximately RMB39,211,000 (2022: RMB45,310,000).

During the year ended 31 March 2023 and 2022, properties held for sale with carrying value of RMB917,000 (2022: RMB5,508,000) were transferred to investment properties as these properties were under lease arrangements with third parties during the year to earn rental (note 13).

20. PREPAYMENTS AND OTHER RECEIVABLES

	Notes	Group		Company	
		2023	2022	2023	2022
		RMB'000	RMB'000	RMB'000	RMB'000
Prepayments	(a)	28,042	802,004	125	125
Other receivables	(b)	81,944	83,804	-	-
		109,986	885,808	125	125

Notes:

- (a) On 30 April 2021, the Group had 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 fully paid by the Group and included in prepayment as at 31 March 2022. The land use right was obtained by the Group on 8 December 2022 and the balance has reclassified to properties held under development during the year.

As at 31 March 2023, prepayment included advances of RMB27,259,000 (2022: RMB61,566,000) made to contractors for purchase of construction materials.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

20. PREPAYMENTS AND OTHER RECEIVABLES (Continued)

- (b) At 31 March 2023, other receivables of the Group due from certain independent third parties of approximately RMB20,600,000 (2022: RMB30,600,000) were unsecured, interest-bearing at interest rate ranging from 8% to 12% (2022: 6% to 12%) and repayable within one year or 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 2023 and 2022 respectively based on the accounting policies stated in note 3.12. 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	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Amounts due from subsidiaries	-	-	365,554	365,554
Amounts due to:				
- subsidiaries	-	-	(337,817)	(335,566)
- a related company	(8,897)	(8,237)	-	-
- a related person	(78,400)	(78,100)	-	-
	(87,297)	(86,337)	(337,817)	(335,566)

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 2023 and 2022, 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 2023 and 2022, 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.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2023 RMB'000	2022 RMB'000
Current		
Listed equity securities held for trading	80	276
Financial assets at FVTPL are as follows:		
- Hong Kong	10	9
- the PRC	70	267
	80	276

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).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

23. CASH AND BANK BALANCES

	Group		Company	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank deposits	212,201	28,073	153	154
Less:				
Deposit restricted for construction works	(171,827)	(3,621)	-	-
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	40,374	24,452	153	154

At 31 March 2023, approximately RMB210,427,000 (2022: RMB26,842,000) was deposited with banks in the PRC. These balances were mainly denominated in RMB (2022: 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	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Accruals and other payables	232,713	259,141	24	24

At 31 March 2023 and 2022, accruals and other payables of the Group were unsecured, interest-free and repayable on demand.

25. BANK AND OTHER LOANS

	Note	Group	
		2023	2022
		RMB'000	RMB'000
Bank loans - secured		280,611	267,520
Other loan - unsecured		35,000	35,000
Total borrowings	(a)	315,611	302,520

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

25. BANK AND OTHER LOANS (Continued)

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

	Note	Group	
		2023 RMB'000	2022 RMB'000
Current			
Portion of other loan due for repayment within one year		35,000	–
Portion of bank loans due for repayment within one year		245,000	20,000
Portion of bank loans due for repayment within one year which contain repayment on demand clause	(b)	2,513	2,326
Portion of bank loans due for repayment after one year which contain repayment on demand clause	(b)	3,098	5,194
Non-current			
Portion of other loan due for repayment after one year		–	35,000
Portion of bank loans due for repayment after one year		30,000	240,000
		315,611	302,520

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

	Group	
	2023 RMB'000	2022 RMB'000
Within one year or on demand	285,611	27,520
After one year	30,000	275,000
	315,611	302,520

Notes:

- As at 31 March 2023, the effective interest rates of the Group's secured bank and other loans were approximately 3% - 8% (2022: 2.6% - 8%) and 4.66% (2022: 4.66%) per annum respectively.
- As at 31 March 2023, current liabilities included bank loans of RMB3,098,000 (2022: RMB5,194,000) 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.

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

	Group	
	2023 RMB'000	2022 RMB'000
RMB	310,000	295,000
HK\$	5,611	7,520

As at 31 March 2023, the outstanding balances of bank loans in HK\$ were approximately HK\$6,413,000 (2022: HK\$9,284,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

25. BANK AND OTHER LOANS (Continued)

As at 31 March 2023, bank loans of the Group were:

- (i) secured by the Group's property, plant and equipment of approximately RMB5,653,000 (2022: RMB5,443,000) (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 under development and properties held for sales are located in Huzhou City of approximately RMB451,325,000 (2022: RMB420,443,000).

As at 31 March 2023 and 2022, 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		
At 1 April 2021 and 31 March 2022 and 2023	5,100,000,000	517,374
Issued and fully paid:		
Ordinary shares		
At 1 April 2021 and 31 March 2022 and 2023	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.

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
At 1 April 2021, 31 March 2022 and 2023	6,544,000	12,817

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

27. RESERVES

(a) Group

	Notes	2023 RMB'000	2022 RMB'000
Treasury shares (note 26)	(i)	(12,817)	(12,817)
Merger reserve	(ii)	(2,243)	(2,243)
Statutory reserve	(iii)	95,657	94,433
Capital reserve	(iv)	3,838	3,838
Other reserve	(v)	85,452	85,452
Exchange reserve	(vi)	(11,495)	(10,588)
Retained earnings		788,705	796,259
FVOCI reserve	(vii)	(4,801)	(3,870)
		942,296	950,464

The amounts of the Group's reserves and the movements therein for the years ended 31 March 2023 and 2022 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.
- (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.

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For the year ended 31 March 2023

27. RESERVES (Continued)

(b) Company

	Notes	2023 RMB'000	2022 RMB'000
Treasury shares (note 26)	(a)(i)	(12,817)	(12,817)
Merger reserve		59,579	59,579
Retained earnings		225,396	227,648
FVOCI reserve	(a)(vii)	(1,808)	(1,247)
		270,350	273,163

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 2023 amounted to approximately RMB1,014,202,000 (2022: 1,022,777,000) 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 2023 and 2022. The Group has complied with all externally imposed capital requirements as described above for the financial years ended 31 March 2023 and 2022.

The Group's overall strategy remains unchanged from 2022.

29. COMMITMENTS

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

	Group	
	2023 RMB'000	2022 RMB'000
Contracted but not provided for in respect of - properties held under development of the Group	349,145	572,945

The Company did not have any commitments as at 31 March 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

30. LEASES

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

	Group	
	2023	2022
	RMB'000	RMB'000
Not later than one year	1,182	1,095
Later than one year and not later than five years	3,960	5,080
After five years	592	592
	5,734	6,767

The Group leases out certain investment properties which run for initial periods of one to seven years (2022: 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 which run for initial periods of one year, 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 payments under non-cancellable leases.

	Group	
	2023	2022
	RMB'000	RMB'000
Aggregate undiscounted commitments for short term lease	4	13

31. CONTINGENCIES

Mortgage loan arrangements with banks

As at 31 March 2023 and 2022, the Group has arranged mortgage loan facility for certain purchasers of property units and provided guarantees to secure obligations of repayments. At 31 March 2023, the outstanding guarantees amounted to RMB69,781,000 (2022: RMB16,661,000). 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 2023, the Company has issued corporate guaranteed amounting to RMB5,611,000 (2022: RMB7,520,000) to the bank for banking facilities of certain subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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.

At 31 March 2023 and 2022, 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, amounts 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 loss after tax for the year would increase/decrease by approximately RMB1,586,000 (2022: profit after tax for the year would decrease/increase approximately RMB203,000) 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 2022 has been prepared on the same basis.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Foreign currency risk (Continued)

	Group	
	2023	2022
	RMB'000	RMB'000
Bank deposits denominated in		
- HK\$	1,679	908
- US\$	20	21
Amount due to a related company denominated in		
- HK\$	(8,897)	(8,237)

The Group'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.

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 2023, the gross carrying amount of other receivables is approximately RMB83,441,000 (2022: RMB85,301,000) and loss allowances remains unchanged from the previous financial year at RMB1,497,000 (2022: RMB1,497,000) for other receivables during the year ended 31 March 2023.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Credit risk (Continued)

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 2023, the Group had approximately 87% (2022: 95%) 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
Balance at 31 March 2022, 1 April 2022 and 31 March 2023	1,497

As at 31 March 2023 and 2022, 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 are 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.

(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.

At 31 March 2023 and 2022, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity risk (Continued)

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
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	-	-	-

	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
At 31 March 2022						
- Accruals and other payables	259,141	259,141	259,141	-	-	-
- Amounts due to related parties	86,337	86,337	86,337	-	-	-
- Interest-bearing bank and other loans	302,520	343,138	7,520	18,723	15,202	301,693
	647,998	688,616	352,998	18,723	15,202	301,693
- Financial guarantees issued: maximum amount guaranteed	-	16,661	16,661	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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 2023	592	1,977	3,329	5,898	5,611
31 March 2022	628	2,022	5,692	8,342	7,520

At 31 March 2023 and 2022, 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 statements 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

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 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
Year ended 31 March 2022					
Financial asset at FVTPL					
Securities held for trading					
- Listed	(a)	276	-	-	276
Financial assets at FVOCI					
Unlisted equity investment	(b)	-	-	27,478	27,478

There was no transfer between levels during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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	
	2023 RMB'000	2022 RMB'000
At the beginning of the year	27,478	28,464
Total gains or losses:		
- in other comprehensive income	(931)	(986)
At the end of the year	26,547	27,478

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

	2023	2022
Weighted average cost of capital	15%	16%
Long term revenue growth rate	2%	2%
Long term pre tax operating margin	52%	54%

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 RMB2,709,000 (2022: RMB2,740,000), an increase in long term revenue growth rate by 1% would increase the fair value of Zhejiang GSCB by RMB1,430,000 (2022: RMB1,343,000), and an increase in long term pre tax operating margin by 1% would increase the fair value of Zhejiang GSCB by RMB296,000 (2022: RMB298,000).

There were no changes in valuation techniques during the period.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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 2023 and 2022 may also be categorised as follows. See note 3.12 for explanations about how the category of financial instruments affects their subsequent measurement.

Financial Assets

	Group		Company	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
- Financial assets at FVTPL	80	276	-	-
- Financial asset at FVOCI	26,547	27,478	15,992	16,553
Financial assets measured at amortised cost				
- Other receivables	81,944	83,804	-	-
- Due from subsidiaries	-	-	365,554	365,554
- Cash and bank balances	212,201	28,073	153	154
	320,772	139,631	381,699	382,261

Financial Liabilities

	Group		Company	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities measured at amortised cost				
- Accruals and other payables	232,713	259,141	24	24
- Bank and other loans	315,611	302,520	-	-
- Due to related parties	87,297	86,337	335,817	335,566
	635,621	647,998	335,841	335,590

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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	Dividend payable RMB'000
At 1 April 2021	10,251	–	143	–
Changes from cash flows:				
Proceed from new borrowings	295,000	–	–	–
Repayments of borrowings	(2,367)	–	–	–
Dividend paid	–	–	–	(36,629)
Interest paid	–	(12,214)	–	–
Advance from a related party	–	–	86,200	–
Subtotal	292,633	(12,214)	86,200	(36,629)
	302,884	(12,214)	86,343	(36,629)
Exchange difference	(364)	–	(6)	–
Other changes				
Interest expenses	–	12,214	–	–
Dividend declared	–	–	–	36,629
At 31 March 2022 and 1 April 2022	302,520	–	86,337	–
Changes from cash flows:				
Proceed from new borrowings	85,000	–	–	–
Repayments of borrowings	(72,510)	–	–	–
Interest paid	–	(22,514)	–	–
Advance from a related party	–	–	300	–
Subtotal	12,490	(22,514)	300	–
	315,010	(22,514)	86,637	–
Exchange difference	601	–	660	–
Other changes				
Interest expenses	–	22,514	–	–
At 31 March 2023	315,611	–	87,297	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2023

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	
		2023 RMB'000	2022 RMB'000
Car park rental expense charged by - Spouse of Mr. Wong Lam Ping	(a)	52	50
Rental income charged to - A related company	(b)	316	298
Interest income charged to - A related company	(b)	-	2,441

Notes:

- (a) During years ended 31 March 2023 and 2022, 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 these related companies.

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

	Group		Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Directors' fee	634	604	634	604
Short-term employment benefits	1,955	1,682	-	-
Post-employment benefits	31	30	-	-
	2,620	2,316	634	604

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: 56%	Completed
PROPERTIES UNDER DEVELOPMENT								
Run Ze Yuan	Taihu Meidong, Taihu Resort Zone, Huzhou City, Zhejiang Province, the PRC	R, C	43,608	R: 63,471 C: 706	R: Expiring on 30 January 2090 C: Expiring on 30 January 2070	86.75%	N.A.	Q3CY2023
Run Hong Yuan	Fenghuang West, Wuxing District, Huzhou City, Zhejiang Province, the PRC	R, C	36,122	R: 61,536 C: 2,420	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.	4,533	C: Expiring on 30 December 2049	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
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 16 June 2023

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	5.35	32,307	0.01
1,001 - 10,000	315	34.43	1,964,200	0.38
10,001 - 1,000,000	534	58.36	47,774,200	9.33
1,000,001 and above	17	1.86	462,540,317	90.28
	915	100.00	512,311,024	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 16 JUNE 2023

(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⁾	26,752,994	5.22	302,443,300	59.04
Chan Heung Ling ⁽¹⁾ ⁽²⁾	14,443,300	2.82	314,752,994	61.44

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 5,800,800 shares through Phillip Securities Pte Ltd.

SHAREHOLDERS' INFORMATION

As at 16 June 2023

TWENTY LARGEST SHAREHOLDERS AS AT 16 JUNE 2023

No.	Name of Shareholders	Number of Shares	%
1	EXTRA GOOD ENTERPRISES LIMITED	288,000,000	56.22
2	PHILLIP SECURITIES PTE LTD	48,006,116	9.37
3	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	24,058,100	4.70
4	WONG LAM PING	20,952,194	4.09
5	DBS NOMINEES PTE LTD	18,495,600	3.61
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	8,142,800	1.59
9	RAFFLES NOMINEES (PTE) LIMITED	6,686,007	1.30
10	MAYBANK SECURITIES PTE. LTD.	4,388,500	0.86
11	LEW WING KIT	3,131,800	0.61
12	IFAST FINANCIAL PTE LTD	3,020,300	0.59
13	ABN AMRO CLEARING BANK N.V.	2,697,200	0.53
14	UOB KAY HIAN PTE LTD	2,589,200	0.50
15	LIM KIAN SENG (LIN JIANSHEN)	2,520,000	0.49
16	DB NOMINEES (SINGAPORE) PTE LTD	2,267,000	0.44
17	IWAN RUSLI @ LIE TJIN VAN	2,000,000	0.39
18	ONG WOEI LIANQ	1,442,200	0.28
19	MUHAMMED BIN HAJI ABDUL LATIFF	1,000,000	0.20
20	NG BUAN KIAT (HUANG WANJIE)	1,000,000	0.20

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

35.61% 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 Mr Wong Sum and Mr Ng Keong Khoon, 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.

	Mr Wong Sum	Mr Ng Keong Khoon
Date of Appointment	31 March 2020	1 June 2023
Date of last re-appointment (if applicable)	29 July 2020	–
Age	32	46
Country of principal residence	China	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, Mr Wong Sum’s contribution to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of Mr Wong Sum 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>Mr Wong Sum 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 Ng Keong Khoon’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 Ng Keong Khoon 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 Ng Keong Khoon 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>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</p>	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and a member of the NC	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.	
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil

ADDITIONAL INFORMATION REQUIRED PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST ON DIRECTORS SEEKING FOR RE-ELECTION

	Mr Wong Sum	Mr Ng Keong Khoon
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	Mr. Wong Sum is the son of Mr. Wong Lam Ping and Ms. Chan Heung Ling who are substantial shareholders of the Company.	Nil
Conflict of interest (including any competing business)	Nil	Nil
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
Other Principal Commitments*	<ol style="list-style-type: none"> 1. Member of the All-China Youth Federation 2. Member of the Heilongjiang Provincial Committee of the Chinese People's Political Consultative Conference 3. Head of Hong Kong and standing committee of Jiangxi Youth Federation 	Chief Financial Officer of World Precision Machinery Limited (a company listed on Mainboard of the Singapore Exchange)
Other Directorships for the past 5 years	HWX Group	Nil
Other Present Directorships	Nil	Nil
Disclosure applicable to appointment of Director only		
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable	Mr Ng Keong Khoon 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. He has attended the module Environmental, Social and Governance Essentials in 2022.

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, 28 July 2023 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 2023 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:

Mr Wong Sum	(retiring pursuant to Bye-Law 86(1))	(Resolution 2)
Mr Ng Keong Khoon	(retiring pursuant to Bye-Law 85(6))	(Resolution 3)

[See Explanatory Note (i)]
3. To note the retirement of Mr Sim Wee Leong 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.
[See Explanatory Note (ii)]
4. To approve the payment of Directors’ fees of S\$132,420 for the financial year ending 31 March 2024, to be paid quarterly in arrears. (FY2023: S\$127,050). **(Resolution 4)**
[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 5)**
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 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;
- (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;

NOTICE OF ANNUAL GENERAL MEETING

- (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 6)

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"**).
- (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

NOTICE OF ANNUAL GENERAL MEETING

“**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.

[See Explanatory Note (v)]

(Resolution 7)

By Order of the Board

Ngai Ting Fung, Ian
Toh Li Ping, Angela
Company Secretaries

12 July 2023

Explanatory Notes to Resolutions to be passed –

- (i) The information relating to Mr Wong Sum and Mr Ng Keong Khoon as required under Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited is set out on pages 128 and 129 of the Annual Report.

Mr Ng Keong Khoon will, upon re-election as a Director of the Company, be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

- (ii) Item 3 above is to note the retirement of Mr Sim Wee Leong as a Director of the Company pursuant to Bye-Law 86(1) of the Bye-Laws of the Company. Mr Sim Wee Leong 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, Mr Sim Wee Leong is not seeking re-election.

Accordingly, Mr Sim Wee Leong shall also retire as the Lead Independent Director of the Company, chairman of the Audit Committee and members of the Remuneration Committee and Nominating Committee at the conclusion of the AGM.

NOTICE OF ANNUAL GENERAL MEETING

- (iii) The Ordinary Resolution 4 in item 4 above, if passed, is to approve the Directors' fees of S\$132,420 for the financial year ending 31 March 2024 ("FY2024"), to be paid quarterly in arrears. The increase in the proposed Directors' fees for FY2024 compared to FY2023 is due to the appointment of an additional Independent Director with effect from 1 June 2023. The aggregate amount of Directors' fees provided in Ordinary Resolution 4 is calculated on the assumptions that Mr. Sim Wee Leong would retire 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 and all other Directors will hold office for the whole of FY2024. Should any Director hold office for only part of FY2024 and not the whole of FY2024, the Director's fee payable to him/her will be appropriately pro-rated.
- (iv) The Ordinary Resolution 6 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 7 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.

Notes:

General

1. The AGM of the Company will be held at Meeting Room Queen I & II, Level 2, Mercure Singapore Bugis, 122 Middle Road, Singapore 188973 ("**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 2023, 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, and the electronic copies of which will be posted on the Company's corporate website at the following URL: <http://www.pan-hong.com/> and the SGX-ST's website at the following URL: <https://www.sgx.com/securities/company-announcements>.
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 ahead of the AGM. Please refer to Notes 12 to 14 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 member of the Company (whether individual or corporate) who/which wishes to exercise his/her/its voting rights at the AGM 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. The Proxy Form is not valid for use by Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify his/her voting instructions. A Central Provident Fund ("**CPF**") / Supplementary Retirement Scheme ("**SRS**") investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator at least 7 working days before the date of the AGM (i.e. by 5.00 p.m. on 19 July 2023) to submit his/her voting instructions.
7. 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.
8. 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 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 26 July 2023, and failing which, the Proxy Form will not be treated as valid.

NOTICE OF ANNUAL GENERAL MEETING

9. 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.
10. 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.
11. 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.

Submission of questions prior to the AGM

12. All members and SRS investors of the Company may submit substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations ahead of the AGM, or during the AGM. To submit questions before the AGM, all questions must be submitted by 10.00 a.m. on 20 July 2023 ("**Cut-Off Time**") through any of the following means:
 - (a) if submitted by email, be received Mr. Ian Ngai, the Group Financial Controller of the Company, at panhong@pan-hong.com; or
 - (b) if submitted by post, be deposited at the registered office of the Company's Share Transfer Agent, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896.

If the questions are submitted by post, be deposited at the registered office of the Company's Share Transfer Agent or sent via email, and in either case not accompanied by the completed and executed Proxy Form, the following details must be included with the submitted questions: (i) the member's full name; and (ii) his/her/its identification/registration number for verification purposes, failing which the submission will be treated as invalid.

13. The Company endeavours to address all substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations 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 Forms (i.e. no later than 10.00 a.m. on 24 July 2023), 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 at the AGM. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

14. Persons who hold shares of the Company through relevant intermediaries (pursuant to Section 181(1C) read with Section 181(6) of the Companies Act 1967 of Singapore), such as SRS Investors, should approach their respective agents, such as SRS Operators, sufficiently in advance so that their respective agents may submit their substantial and relevant questions related to the resolutions to be tabled for approval at the AGM by the Cut-Off Time and have their substantial and relevant questions addressed.

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.

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汎港控股
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