

PAN HONG HOLDINGS GROUP LIMITED

(Incorporated in Bermuda)

(Registration Number: 37749)



**THE PROPOSED RMB150 MILLION REVOLVING LOAN FACILITY TO HANGZHOU
GANGLIAN REAL ESTATE COMPANY LIMITED, WHICH CONSTITUTES AN
INTERESTED PERSON TRANSACTION UNDER THE LISTING MANUAL**

1. INTRODUCTION

The Board of Directors (the “**Board**” or the “**Directors**”) of Pan Hong Holdings Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that Huzhou Pan Hong Runhe Property Development Limited, a wholly-owned subsidiary of the Company incorporated in the People's Republic of China (the “**Lender**”), has entered into a RMB150 million revolving loan facility agreement (the “**Loan Agreement**”) with Hangzhou Ganglian Real Estate Company Limited (the “**Borrower**”) on 10 January 2020 (the “**Proposed Loan Facility**”).

2. BACKGROUND INFORMATION ON THE BORROWER

The Borrower, which is a Company incorporated in the People's Republic of China and primarily engaged in the business of real estate development, is a subsidiary of Sino Harbour Holdings Group Limited (“**Sino Harbour**”). Mr. Wong Lam Ping, a Director and Executive Chairman of the Company, is directly and deemed interested in approximately 48.25% of the shareholding interests in Sino Harbour.

Mr. Wong Lam Ping is also directly and deemed interested in approximately 64.11% of the shareholding interests in the Company. Accordingly, the Borrower is deemed to be an “interested person” for the purposes of Chapter 9 of the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited.

3. SALIENT TERMS OF THE PROPOSED LOAN FACILITY

3.1 The terms and conditions of the Proposed Loan Facility were negotiated and agreed upon by the parties on an arm's length basis.

3.2 A summary of the principal terms of the Proposed Loan Facility is set out below:

- (a) Proposed Loan Facility: RMB150 million revolving loan facility.
- (b) Term of Proposed Loan Facility: The earlier of (i) 2 years from the date of obtaining the approval from shareholders of the Company (the “**Shareholders**”) for the Proposed Loan Facility; (ii) immediate repayment in the event of any of the events set out in paragraph

3.2(i); and (iii) immediate repayment upon 30 days written notice from the Lender to the Borrower in the event the Group requires funds for its own working capital/operations (the “**Facility Termination Date**”).

- (c) Term of each loan drawn down from the Proposed Loan Facility (each, a “**Loan**”): The term of each Loan drawn down shall be agreed to between the Lender and the Borrower, subject to repayment of all Loans and interest accrued thereon by no later than the Facility Termination Date.
- (d) Use of Loan proceeds: Loan proceeds may only be applied by the Borrower for real estate development purposes and not for any other purposes, including repayment of loans.
- (e) Condition Precedent: The Proposed Loan Facility is subject to Shareholders' approval obtained at the special general meeting of the Company (the “**SGM**”).
- (f) Commitment: Each Loan disbursement is subject to the Company's absolute discretion. There is no commitment to disburse the Loans on the part of the Group.
- (g) Interest: The interest rate for each Loan is a per annum fixed rate, accruing on a daily basis, which is based on the then prevailing People's Bank of China's short-term (i.e. up to 1 year) lending benchmark rate plus 5%. All outstanding interest shall be settled half yearly, on the earlier of 30 June, 31 December or the agreed date of repayment of each Loan.
- (h) Guarantee: The Loan Facility will be supported by a personal guarantee issued by Mr. Wong Lam Ping executed under deed.
- (i) Adjustments to the Proposed Loan Facility: The Borrower would be deemed to have breached the terms of the Proposed Loan Facility in the event of the following and the Lender and/or the audit committee of the Company (the “**Audit Committee**”) would have the sole discretion to adjust, reduce or terminate the amount that can be drawn down pursuant to the Proposed Loan Facility and the term of the Proposed Loan Facility, and all outstanding Loans and the interest accrued on such Loans will become immediately repayable by the Borrower:
 - (i) failure of the Borrower to repay the Loan and all interest accrued as and when they fall due;
 - (ii) failure of the Borrower to only use the Loan proceeds for real estate development purposes;
 - (iii) the Borrower breaches any of the terms of the Loan Agreement and fails to rectify the same within 30 days after receiving notice from the Lender;
 - (iv) based on the Lender's reasonable judgment, circumstances arise which substantially deteriorated the Borrower's operation and debt repaying ability; and

- (v) the consolidated gearing ratio of the Sino Harbour and its subsidiaries as announced in its interim and annual financial information exceeds 100%.

4. SGM

- 4.1 Based on the latest audited consolidated financial statements of the Company for the financial year ended 31 March 2019, the consolidated net tangible asset (the “NTA”) of the Group is RMB670.86 million. On the assumption that the Loan Facility is fully drawn down for a term of two years at a fixed interest rate of 9.35% per annum, the maximum transaction value of the Proposed Loan Facility is RMB178.1 million, being the value of the Loan that has been drawn down and the interest payable on such Loan over the 2 year term. Such maximum transaction value is approximately 26.5% of the Company's latest audited consolidated NTA.
- 4.2 Pursuant to Rule 906(1) of the Listing Manual, the Company must obtain Shareholders' approval for an interested person transaction of a value equal to, or exceeding 5% of the Company's latest audited consolidated NTA. Consequently, the Proposed Loan Facility will be subject to the approval of the Shareholders.
- 4.3 The Company is proposing to convene a SGM on 5 February 2020 to seek Shareholders' approval for the Proposed Loan Facility and will depatch the circular to Shareholders containing, *inter alia*, further information on the Loan and enclosing the notice of SGM and the independent financial advisor's opinion, in due course.
- 4.4 Mr. Wong Lam Ping and his associates will not vote on the resolution to be passed at the SGM, nor accept appointments as proxies unless specific instructions as to voting are given.

5. RATIONALE AND BENEFITS

The Audit Committee and the Board (save for Mr. Wong Lam Ping and Mr. Chan Kin Sang, who have abstained as they are interested in the Proposed Loan Facility) consider the Proposed Loan Facility to be beneficial for the Group as it utilises the excess cash in the Group and therefore approve the Proposed Loan Facility.

6. STATEMENT FROM THE AUDIT COMMITTEE

The Audit Committee, comprising Mr Sim Wee Leong, Dr Choo Kian Koon and Dr Zheng Haibin, all of whom are considered independent for the purposes of considering the Proposed Loan Facility, having considered, amongst others, the terms, rationale and benefits of the Proposed Loan Facility, unanimously is of the view that the Proposed Loan Facility is on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed above, none of the Directors or controlling shareholders has any interest, direct or indirect, in the Loan, other than through their shareholdings in the Company and Sino Harbour.

8. CIRCULAR AND DOCUMENTS FOR INSPECTION

The circular to Shareholders containing, *inter alia*, further information on the Loan and enclosing the notice of the SGM and the independent financial advisor's opinion will be despatched by the Company to the Shareholders in due course.

A copy of the Loan Agreement is available for inspection at the office of the Company's Singapore Share Transfer Agent, B.A.C.S. Private Limited, at 8 Robinson Road #03-00 ASO Building Singapore 048544 during normal business hours from the date of this announcement to the date of the SGM.

By Order of the Board

Sim Wee Leong
Lead Independent Director

10 January 2020