
RESPONSES TO QUESTIONS FROM SHAREHOLDERS ON THE COMPANY'S ANNUAL REPORT FOR FINANCIAL YEAR ENDED 31 MARCH 2021

The Board of Directors (“**Board**”) of Pan Hong Holdings Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”), refers to questions raised by shareholders no later than 10.00 a.m. on 25 July 2021 in relation to the Company’s annual report for the financial year ended 31 March 2021 (“**Annual Report 2021**”).

The questions raised by shareholders and the Company’s corresponding responses are set out below:

Future Development:

Q1. How much cash does the group think is necessary for business growth and is the group looking projects beyond Run Ze Yuan, Run Hong Yuan and Shanwei?

Before considering any new investment, the Group would ensure that there are sufficient cashflows for the following:

- (a) its existing active projects based on (i) the number and scale of projects which are in construction stage, and (ii) the sales performance of projects which are in pre-sales stage; and
- (b) its reserve projects, if any.

The Group’s practice is to monitor closely the above factors which affect its cashflows and take necessary measures, including but not limited to developing land parcels by phases, launching sales campaign, seeking external financing etc., to ensure that financial obligations are fulfilled when they fall due.

In addition, when making investment decisions, the Group would consider collectively the location, size, plot ratio, bid price, market conditions and other relevant factors of any potential opportunities.

As mentioned in the Chairman’s Statement in the Annual Report 2021, the successful execution of the Shanwei Project will provide a foothold for the Group to further expand its business to other locations in the Guangdong-Hong Kong-Macao Greater Bay Area*, the largest and the richest economic region in South China. In addition, the Group is also paying close attention to the land market in Huzhou, Zhejiang, to identify suitable investment opportunities.

**Also known as the Greater Bay Area (GBA) consisting of eleven cities, namely, Guangzhou, Shenzhen, Zhuhai, Foshan, Dongguan, Huizhou, Zhongshan, Jiangmen, Zhaoqing, Hong Kong and Macao.*

Q2. Would the Company still be able to take 1-2 pieces of land 100,000 sq.m. in the coming year?

The Group’s land bank was 403,977 square metres as at 31 March 2021, which is 32.2% and 111.2% higher than its land bank as of 31 March 2020 and 31 March 2019 respectively. The Group adopts a disciplined and calibrated approach with regards to landbanking. Its strategy is

to develop land at a stable and sustainable pace, generating returns at a manageable risk (business, operational and financial) level.

As such, as highlighted in the Company's response to question 1 above, taking into consideration the cashflows required for the Group's existing active and reserve projects (if any), it will continue to pursue suitable investment opportunities under its core property development business, including but not limited to land acquisition(s) in the coming year.

By Order of the Board

Wong Sum
Executive Chairman
27 July 2021