



汎港控股
PAN HONG HOLDINGS

ANNUAL REPORT
2020-2021



STRENGTHENING FOUNDATIONS
PROMOTING GROWTH



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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)

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

Sim Wee Leong

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

8 Robinson Road #03-00

ASO Building

Singapore 048544

JOINT AUDITORS

BDO Limited

Certified Public Accountants

25th Floor Wing On Centre

111 Connaught Road Central Hong Kong

BDO LLP

Public Accountants and Chartered Accountants
Singapore

600 North Bridge Road

#23-01 Parkview Square

Singapore 188778

AUDIT DIRECTOR AND PARTNER-IN-CHARGE

BDO Limited

Certified Public Accountants

Cheung Or Ping

(Appointed with effect from financial year 31
March 2021)

BDO LLP

Public Accountants and Chartered Accountants

Philip Aw Vern Chun

(Appointed with effect from financial year 31
March 2017)

CORPORATE PROFILE

Headquartered in Hong Kong, Pan Hong Holdings Group Limited (汎港控股集团) 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 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. With the successful bid for the land use right of the land located in Shanwei City, Guangdong Province (广东省汕尾市), 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 was awarded “2015 Huzhou Good Living Property Project (2015年度湖州宜居楼盘)”.

Pan Hong was listed on the Main Board of the Singapore Exchange Securities Trading Limited on 20 September 2006.

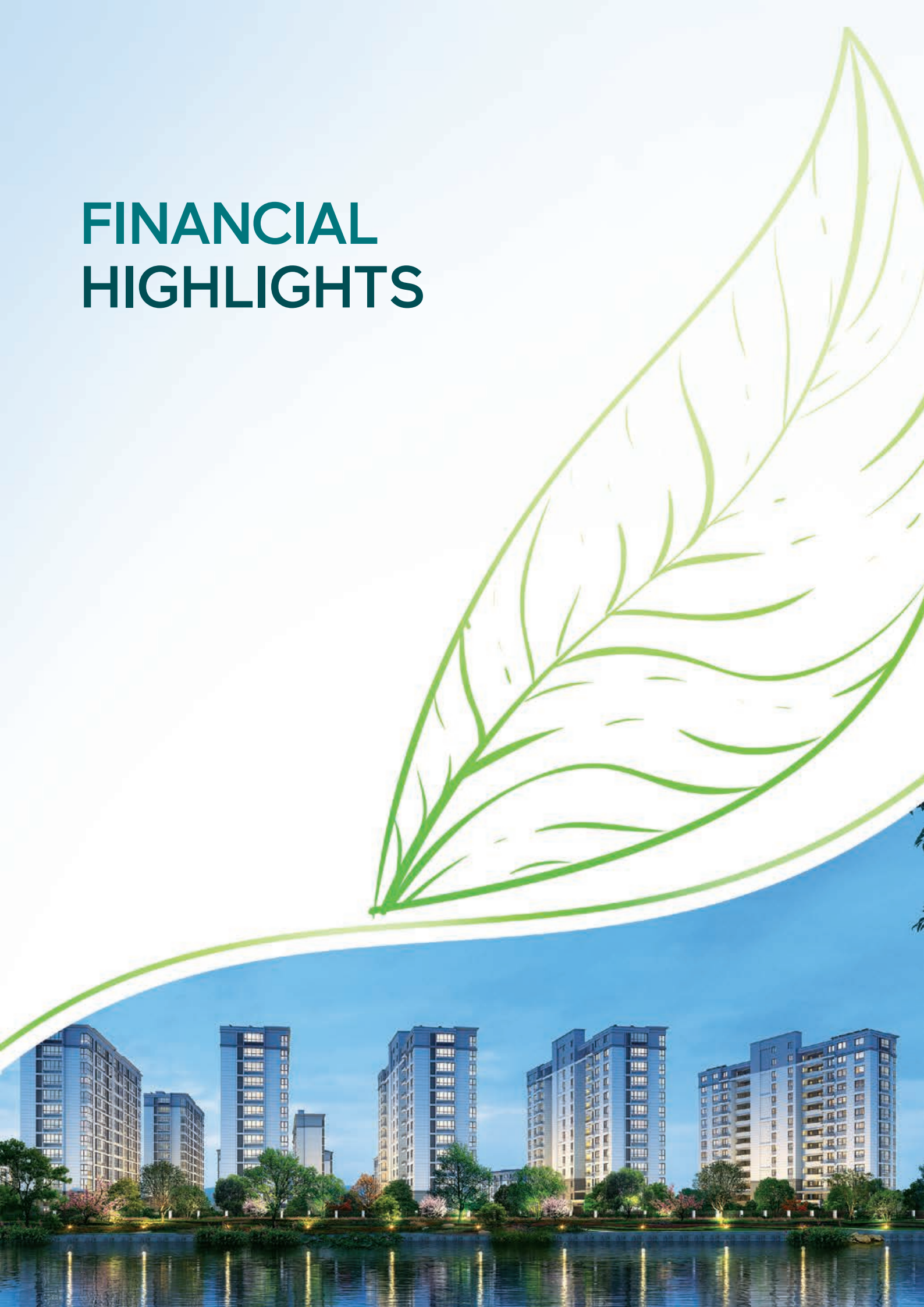
While the Group is currently principally engaged in the business of property development, it has been exploring and seeking new opportunities to broaden revenue and improve profitability. To better reflect ongoing efforts aimed at diversifying the Group’s business and to align with the nature and principal 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.

On 29 March 2018, following the completion of the distribution of Sino Harbour Holdings Group Limited (“**Sino Harbour**”)’s ordinary shares by way of a dividend in specie, Sino Harbour and its subsidiaries ceased to be subsidiaries of the Group and was deconsolidated from the Group.

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



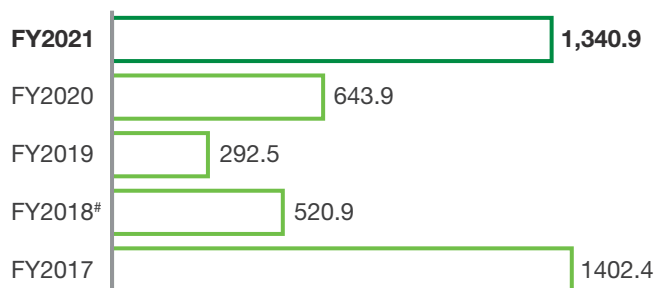
FINANCIAL HIGHLIGHTS

RMB'000	Year ended 31 March 2021 ("FY2021")	Year ended 31 March 2020 ("FY2020")	Change
PROFIT AND LOSS			
Revenue	1,340,865	643,885	108.2%
Gross profit	492,293	198,109	148.5%
Gross profit margin	36.7%	30.8%	5.9pts
Profit after tax	276,729	113,574	143.7%
Profit attributable to the owners of the Company	276,816	113,583	143.7%
REVENUE ANALYSIS BY TYPE OF PROPERTIES			
Residential	1,258,034	552,293	127.8%
Commercial and others	82,831	91,592	(9.6%)

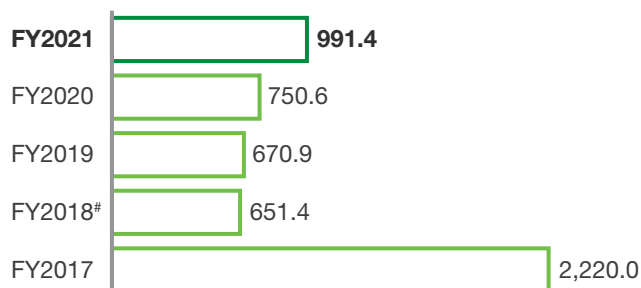


FINANCIAL HIGHLIGHTS

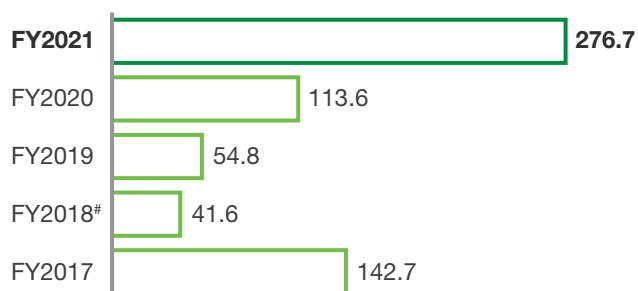
Revenue* (RMB' mil)



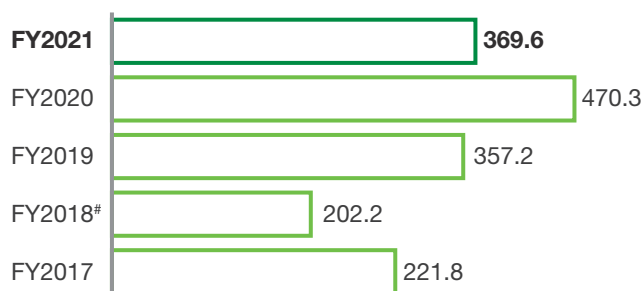
Net Asset (RMB' mil)



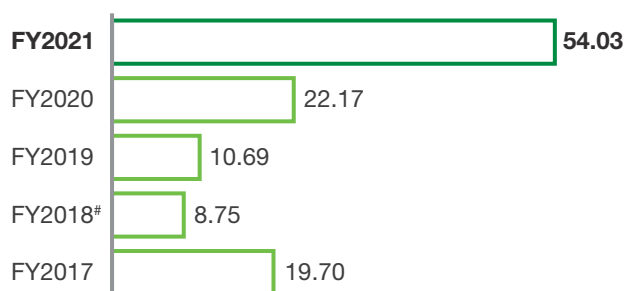
Profit after tax* (RMB' mil)



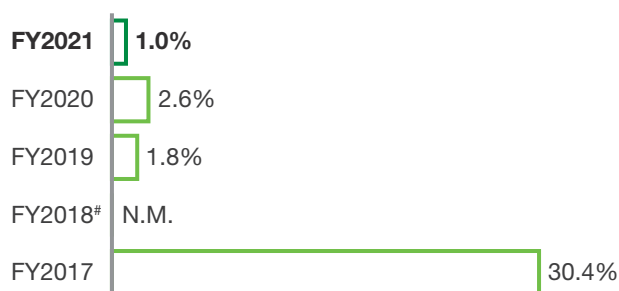
Cash and Bank Balances (RMB' mil)



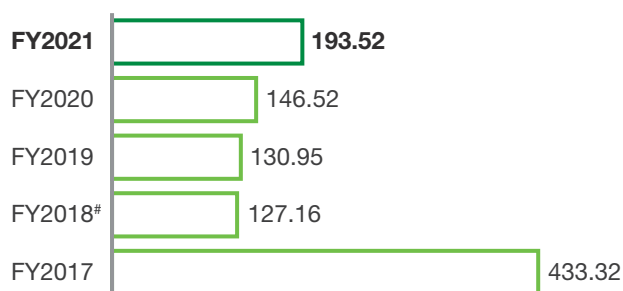
Earnings per share attributable to Owners* (RMB cents)



Net Gearing %: Total bank deposit less collateral / Total equity



Net Asset Value per share (RMB cents)



Notes:

NM: Not meaningful

* Comprises of continuing and discontinued operations.

On 29 March 2018, Sino Harbour and its subsidiaries ceased to be subsidiaries of the Group and was deconsolidated from the Group.



CHAIRMAN'S STATEMENT

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the “**Board**”), I am pleased to present to the shareholders of the Company the results and the financial performance of the Group for the year ended 31 March 2021.

RESULT AND FINAL DIVIDEND

The Group had recorded a revenue of RMB1,340.9 million and a net profit of RMB276.7 million for the year ended 31 March 2021. Profit attributable to owners of the Company amounted to RMB276.8 million and basic earnings per share was RMB54.03 cents.

Taking into account the Group's business development needs and Shareholders' return on investment, the Board is pleased to propose a final dividend of S\$0.015 per share, subject to the approval of shareholders at the forthcoming Annual General Meeting to thank our shareholders for their continued support.

MARKET REVIEW

The coronavirus (COVID-19) outbreak in the PRC adversely affected the country's property market and economic activities in early 2020. However, although the fight against COVID-19 pandemic is still tough in a number of foreign countries, it is encouraging to note that the number of newly confirmed cases has been decreasing in the PRC since March 2020, as the country has brought the situation under control.

With the progressive lifting of lockdown measures in most PRC cities, economic activity in the country has started to resume. The PRC's property market has been showing signs of rallying since April 2020.

Official data published by the National Bureau of Statistics of the PRC indicated that new home prices recorded a month-on-month increase in both March and April 2021 for 62 out of a statistical pool of 70 major PRC cities. On a year-on-year basis, 63 out of 70 major cities recorded higher home prices in April 2021.

On the broader economic front, according to the National Bureau of Statistics, on a year-on-year basis, the PRC's gross domestic product (GDP) growth for the second, third, fourth quarter of 2020 and the first quarter of 2021 have rebounded to 3.2%, 4.9%, 6.5% and 18.3% respectively. The national economy has shown signs of overcoming the adverse impact of the pandemic and demonstrated a momentum of restorative growth and gradual recovery.



CHAIRMAN'S STATEMENT

The Group remains cautiously optimistic regarding the mid-to-long term prospects of the PRC's property market as there have been no changes to the country's fundamental growth factors such as population, monetary policy and fiscal policy.

BUSINESS OUTLOOK

The Group's iconic project Pan Hong Run He (汎港润合) was the main contributor to the Group's revenue in FY2021.

Going forward, the Group will continue to focus on the sales of its existing projects and the presale of another iconic project – Huzhou Delong (湖州德隆) Project (also named as Run Ze Yuan (润泽园)). In addition, the Group is working on the early construction of the Huzhou Fenghuang (湖州凤凰) Project (also named as Run Hong Yuan (润泓园)) and preliminary planning of the Shanwei Project.

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.

The Group may consider expanding its property investments portfolio to provide more stable returns through rental income in the longer term.

The Group may also consider exploring suitable business opportunities to broaden its revenue base and diversifying its core business.

**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.*

APPRECIATION

On behalf of the Board, 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
28 June 2021



BUSINESS, OPERATIONS AND FINANCIAL REVIEW



BUSINESS AND OPERATIONS REVIEW

OVERVIEW OF OUR BUSINESS

During the year under review, the Group achieved revenue of RMB1,340.9 million mainly from the sales of Pan Hong Run He. The total gross floor area of the residential and commercial properties (excluding car parking spaces and other spaces sold) in FY2021 amounted to approximately 137,447 sq. m.

The following table presents an analysis of the Group's revenue in FY2021:

	Year ended 31 March 2021
(i) Residential	
– GFA sold (in sq. m.)	132,538
– Average selling price (RMB per sq. m.)	9,492
– Revenue (approx RMB'000)	1,258,034
(ii) Commercial	
– GFA sold (in sq. m.)	4,909
– Average selling price (RMB per sq. m.)	10,505
– Revenue (approx RMB'000)	51,567
(iii) Car parking spaces and others	
– Revenue (approx RMB'000)	31,264

PROPERTY PRE-SALES

Subsequent to the completion of the Pan Hong Run He project, the Group currently has no property project which is at pre-sale stage as at the date of this annual report.

The Group expects to launch the pre-sale of Run Ze Yuan and Run Hong Yuan by the third quarter of 2021 and second quarter of 2022 respectively.

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 delivery to support its growth in the coming year. Currently, the Group's property projects under construction are as follows:

Name of Project	Province	City	Planned Gross Floor Area (sq. m.)	Expected Completion Date
Run Ze Yuan	Zhejiang	Huzhou	Residential: 63,471 Commercial: 706	Q1-Q2 CY2023
Run Hong Yuan	Zhejiang	Huzhou	Residential: 61,537 Commercial: 397	Q1 CY2024

BUSINESS AND OPERATIONS REVIEW

LAND BANK

As at 31 March 2021, the Group had land bank with total planned saleable GFA of 403,977 sq. m. in Huzhou and Shanwei in the PRC. The Group's land bank as at 31 March 2021 was as follows:

	Land bank (sq. m.)
Properties under development	126,111
Properties held for future development	277,866
Total	403,977

FINANCIAL REVIEW

(a) REVIEW OF FINANCIAL RESULTS FOR FY2021 COMPARED TO FY2020

	Group	
	FY2021	FY2020
Revenue (RMB'000)		
Residential	1,258,034	552,293
Commercial and others	82,831	91,592
Total Revenue	1,340,865	643,885

Revenue

The Group's revenue in FY2021 was RMB1,340.9 million compared to RMB643.9 million in FY2020, an increase of RMB697.0 million.

The revenue in FY2021 was primarily derived from the transfer of control of residential units of Pan Hong Run He (汎港润合) to buyers. In comparison, the revenue in FY2020 was primarily derived from the transfer of control of residential units of Pan Hong Run Yuan (汎港润园) Phase 2 to buyers. The increase was mainly due to transfer of control of more units in FY2021 than FY2020.

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 increase in revenue, cost of sales increased from RMB445.8 million in FY2020 to RMB848.6 million in FY2021. Accordingly, gross profit increased from RMB198.1 million in FY2020 to RMB492.3 million in FY2021.

Gross profit margin increased from 30.8% in FY2020 to 36.7% in FY2021 as a result of higher selling prices in respect of the property units for Pan Hong Run He being transferred compared to the property units for Pan Hong Run Yuan Phase 2 being transferred in FY2020.

Other Income and Other Gains and Losses

Other income and other gains and losses mainly consist (i) interest income from bank deposits and other receivables and (ii) gain on disposal of financial assets at fair value through profit or loss. Other income and other gains and losses increased from RMB15.8 million in FY2020 to RMB28.3 million in FY2021. The increase was mainly attributable to an increase in interest income and gain on disposal of financial assets at fair value through profit or loss.

Selling and Distribution Expenses

Selling and distribution expenses increased by 238.9% from RMB20.1 million in FY2020 to RMB68.1 million in FY2021. The higher selling and distribution expenses in FY2021 was mainly due to higher sales commission expenses for Pan Hong Run He.

Administrative Expenses

Administrative expenses decreased by 5.6% from RMB18.3 million in FY2020 to RMB17.3 million in FY2021, mainly due to tighter expense control in FY2021.

Finance Costs

Finance costs decreased by 76.2% from RMB1.5 million in FY2020 to RMB0.4 million in FY2021, mainly due to the repayment of a portion of the bank and other loans.

FINANCIAL REVIEW

Income Tax Expense

Income tax expense increased from RMB60.4 million in FY2020 to RMB158.1 million in FY2021. The increase was mainly attributable to an increase in PRC enterprise income tax (“EIT”) and land appreciation tax (“LAT”) in the PRC arising from more units sold and more profit before tax generated in FY2021.

Profit for the Year

As a cumulative effect of the foregoing factors, the Group recorded a profit after tax of RMB276.7 million in FY2021, compared to RMB113.6 million in FY2020.

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 RMB1.2 million in FY2020 to a gain of RMB0.4 million in FY2021. The gain was mainly due to the appreciation of RMB against Hong Kong Dollar (“HKD”) during the financial year that resulted in a translation gain 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 profit of RMB274.0 million in FY2021, comparing to RMB111.5 million in FY2020.

(b) REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2021 AND CASH FLOW FOR FY2021

Property, Plant and Equipment

As at 31 March 2021, the Group had property, plant and equipment of RMB56.8 million, compared to RMB49.1 million as at 31 March 2020. The increase was mainly due to the renovation expenditure for the hotel asset.

Investment Properties

As at 31 March 2021, the Group had investment properties of RMB53.5 million compared to RMB52.9 million as at 31 March 2020. The increase was mainly due to the transfer of property held for sale to investment properties in FY2021.

Financial Assets at Fair Value Through Other Comprehensive Income

As at 31 March 2021, the balance of approximately RMB28.5 million (31 March 2020: RMB31.6 million) representing the fair value of 16.6% (31 March 2020: 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 included listed equity securities in Hong Kong and the PRC, increased to RMB28.3 million as at 31 March 2021 from RMB26.4 million as at 31 March 2020. The increase was mainly due to the net effect of realisation of financial assets at fair value through profit or loss and net fair value loss during the year.

Properties Held Under Development

The Group’s properties held under development decreased by RMB703.3 million from RMB1,137.8 million as at 31 March 2020 to RMB434.5 million as at 31 March 2021. The decrease was mainly due to the net effect of the completion of Pan Hong Run He’s construction and the completion of the transfer of title of a parcel of land subscribed in the last financial year with the prepaid consideration of RMB275.0 million being transferred to properties held under development from prepayments and other receivables during the year.

FINANCIAL REVIEW

Properties Held for Sale

Properties held for sale increased from RMB119.7 million as at 31 March 2020 to RMB387.5 million as at 31 March 2021, mainly due to the net effect of the completion of Pan Hong Run He's construction and 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 RMB526.8 million as at 31 March 2020 to RMB263.8 million as at 31 March 2021. The decrease was mainly due to the completion of the transfer of title of a parcel of land subscribed in the last financial year with the prepaid consideration of RMB275.0 million being transferred to properties held under development during the year.

Contract Cost Assets

The Group's contract cost assets decreased from RMB57.4 million as at 31 March 2020 to nil balance at as 31 March 2021, as the capitalised incremental costs for obtaining sales contracts of its property project under pre-sale stage was expensed upon the transfer of control of completed units during the year.

Tax Recoverable

Tax recoverable decreased from approximately RMB50.0 million as at 31 March 2020 to approximately RMB27.3 million as at 31 March 2021, mainly due to the utilisation of prepaid EIT and LAT by the Group.

Accounts Payable, Accruals, Other Payables and Contract Liabilities

Accounts payable decreased to RMB3.7 million as at 31 March 2021 from RMB5.0 million as at 31 March 2020, mainly due to the settlement of construction-related invoices.

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 due for payment.

Accruals and other payables decreased from approximately RMB427.4 million as at 31 March 2020 to approximately RMB217.0 million as at 31 March 2021. The decrease was mainly due to the payment of accrued contract costs to contractors.

Contract liabilities refers to the advance receipts from customers in respect of the deposits and prepayments for pre-sales of the Group's properties.

Contract liabilities decreased from approximately RMB1,255.6 million as at 31 March 2020 to approximately RMB231.7 million as at 31 March 2021. The decrease was mainly due to the revenue recognised upon the transfer of control of property units of Pan Hong Run He.

Current Tax Liabilities

Current tax liabilities increased from RMB61.8 million as at 31 March 2020 to RMB214.5 million as at 31 March 2021. The increase was mainly attributable to the net effect of income tax liabilities derived from profit recorded by the Group's subsidiaries and payment of income tax during the financial year.

Amounts Due to Related Parties

Amounts due to related parties decreased from RMB3.3 million as at 31 March 2020 to RMB143,000 as at 31 March 2021 due to the repayment of amount due to non-controlling interests of a subsidiary.

Bank and Other Loans

As at 31 March 2021, the Group had bank and other loans of RMB10.3 million, a decrease from RMB19.8 million as at 31 March 2020, mainly due to the settlement of bank and other loans during the financial year.

FINANCIAL REVIEW

Bank loans of approximately RMB10.3 million were secured by the Group's property, plant and equipment as at 31 March 2021.

Based on the Group's total equity of RMB991.4 million, the Group recorded a net gearing ratio (total bank and other loans/total equity) of 1.0% as at 31 March 2021, compared to 2.6% as at 31 March 2020.

Deferred Tax Liabilities

Deferred tax liabilities decreased from RMB4.7 million as at 31 March 2020 to RMB4.6 million as at 31 March 2021, mainly due to the deferred tax liabilities reversed attributable to the revaluation of the Group's investment properties.

Cash Flow Analysis

In FY2021, the Group recorded RMB146.1 million of net cash generated from operating activities which was mainly due to the net effect of the receipts from property buyers, the release of restricted bank balances upon completion of property project, the progress payment for the construction and payment of income tax.

Net cash used in investing activities in FY2021 amounted to RMB13.2 million, mainly due to the purchase of property, plant and equipment during the year.

Net cash used in financing activities in FY2021 amounted to RMB45.3 million, mainly due to the payment of dividend to the owners of the Company and repayment of bank and other loans and interest during the year.

Included in bank balances and cash are restricted bank balances of RMB0.9 million (31 March 2020: RMB189.1 million) which can only be applied to the designated property development project(s). As at 31 March 2021, the Group had cash and cash equivalents of RMB368.8 million.

BOARD OF DIRECTORS

Mr. Wong Sum is our Executive Chairman. He was appointed to the Board on 31 March 2020 and was last re-elected on 29 July 2020. Mr. Wong is responsible for overseeing the 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 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), the Vice President of the Hong Kong Heilongjiang Economic Association (香港黑龙江经济合作促进会) and a Vice Secretary General of the Jiangxi Youth Federation (江西省青年联合会).

Mr. Wong holds 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 and current controlling shareholder of the Company, Mr. Wong Lam Ping.

Ms. Wang Cuiping is our Executive Director and Chief Executive Officer. She was appointed to our Board on 14 August 2006 and was last re-elected on 30 July 2018. She joined our 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 our 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 our lead Independent Director. He was appointed to our Board on 14 August 2006 and was last re-elected on 30 July 2018. 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 is our Independent Director. He was appointed to our Board on 14 August 2006 and was last re-elected on 26 July 2019. 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. Before 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.

Dr. Zheng Haibin is our Independent Director. He was appointed to our Board on 14 August 2006 and was last re-elected on 30 July 2018. 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.

KEY MANAGEMENT PERSONNEL

Mr. Wang Yinjian is the General Manager and Managing Director of several principal subsidiaries of the Group. Mr. Wang is our Group's Human Resources Manager, and is responsible for our 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 Jinqian 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 joined our 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 holds 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 is committed to maintaining high standards of corporate governance within the Company and its subsidiaries. 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 that were in place throughout the financial year ended 31 March 2021 (“**FY2021**”). The Board confirms that the Company had adhered to the principles and provisions of the Code of Corporate Governance 2018 (“**Code**”) and guideline 2.4 of the Code of Corporate Governance 2012 (“**2012 Code**”) which is applicable prior to 1 January 2022, 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 recognise 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.

The Board will also consider sustainability issues such as environmental and social factors as part of its strategic formulation in line with the provisions of the Code.

REPORT ON CORPORATE GOVERNANCE

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.

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**”) 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 FY2021.

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 Singapore Exchange Securities Trading Limited (“**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.

Mr. Wong Sum, who was appointed as the Executive Chairman of the Company on 31 March 2020 had no prior experience as a Director of an issuer listed on the SGX-ST. He had since completed the Listed Entity Directors Programme conducted by Singapore Institute of Directors within one year from the date of his appointment to the Board.

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 strategic plans including long-term strategic plans;
- The Group’s annual operating plan and budget;
- 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;

REPORT ON CORPORATE GOVERNANCE

- 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 and removal of Secretary;
- 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, Nominating Committee (“**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.

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.

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	–

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. 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.

REPORT ON CORPORATE GOVERNANCE

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 2020 to 31 March 2021 are summarised in the table below:

Name of Directors	General meeting				Board Committees' meetings					
	AGM		Board		AC		RC		NC	
	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended	No. of meetings Held	No. of meetings Attended
Wong Sum	1	1	4	3	-	-	-	-	1	1
Wang Cuiping	1	1	4	4	-	-	-	-	-	-
Sim Wee Leong	1	1	4	4	4	4	1	1	1	1
Choo Kian Koon	1	1	4	4	4	4	1	1	1	1
Zheng Haibin	1	1	4	4	4	4	1	1	-	-

There was no special general meeting held during the period from 1 April 2020 to 31 March 2021.

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.

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 FY2021, 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 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.

REPORT ON CORPORATE GOVERNANCE

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 current Board comprises two Executive Directors and three Independent Directors. No alternate directors have been appointed to any Directors. 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.

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. 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 size of five members is appropriate, taking into account the nature and scope of the Group’s operations, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees.

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.

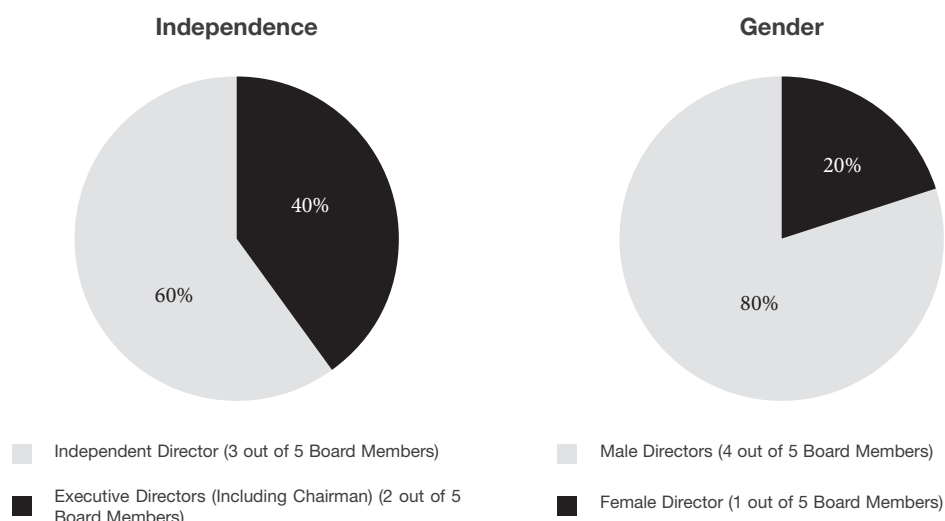
Any external search consultants, if required, engaged to assist the Board or the NC to search for candidates for appointment to the Board will be specifically directed to include candidates from diverse backgrounds and female candidates. The decision on the selection of Director(s) to be appointed on 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.

The NC had also considered diversity, including age diversity, in its review and recommendation of the appointment of Mr. Wong Sum as the Executive Chairman on 31 March 2020. A diverse board guards against groupthink and fosters more robust discussions, which in turn facilitates better decision-making. Having a younger member on the Board refreshes perspectives, in particular, on matters relating to the technology and digital economy.

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.

REPORT ON CORPORATE GOVERNANCE

No individual or select group of individuals dominates the Board's decision-making process as a majority of the Board (60%) is made up of Independent Directors.



Accordingly, there is a strong and independent element on the Board and the Company complies with provisions 2.2 and 2.3 of the Code.

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.

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 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 FY2021, 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.

Ms. Wang Cuiping has been an Executive Director of the Company on 14 August 2006 and is responsible for planning and financial management, and human resource management of the Group. Together with the appointment of Mr. Wong Sum as the Executive Chairman on 31 March 2020, the Board has also appointed Ms. Wang Cuiping as the Chief Executive Officer with effect from 31 March 2020.

REPORT ON CORPORATE GOVERNANCE

The changes were part of the Board's succession planning and were effected with the resignations of Mr. Wong Lam Ping as Executive Chairman, Group CEO and a NC member on 31 March 2020 and Mr. Chan Kin Sang as Non-Executive and Non-Independent director and a RC member on 31 March 2020.

Before joining the Company as an Executive Chairman, Mr. Wong Sum has worked as a Project Manager of Pan Hong Investment Limited, a subsidiary of Pan Hong Holdings Group Limited. As such, Mr Wong Sum is familiar with the formulation and execution of the overall business strategies and policies of the Group.

The Board, with the concurrence of the NC, having considered:

- (i) the qualifications and experience of Mr. Wong Sum and his contributions to the Group, is of the view that he has the requisite experience and capabilities to assume the responsibilities as the Executive Chairman; and
- (ii) the qualifications and experience of Ms Wang Cuiping and her contributions to the Group, is of the view that she has the requisite experience and capabilities to assume the responsibilities as an Executive Director and the Group CEO.

Of note is that 4 out of 5 of the current Directors of the Board were also Directors of the Board prior to the recent change of Board composition. Therefore, the NC is of the view that this change of Board composition has been a smooth transition, and that institutional knowledge has been kept in the Board.

In addition, as Mr. Wong Sum is the son of the Group's founder and the Company's controlling shareholder, Mr. Wong Lam Ping, his appointment of ensures a smoother Board transition and that institutional knowledge is kept in the Board.

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.

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 and CEO or the Group Financial Controller has failed to resolve or is inappropriate.

REPORT ON CORPORATE GOVERNANCE

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 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.
- (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.

More details relating to the Board's succession planning are disclosed under Provisions 3.1 and 3.2 above.

REPORT ON CORPORATE GOVERNANCE

The principal activities of the NC during FY2021 are summarised below:

- a. adoption of the evaluations of the AC, NC, RC, and peer assessment of the individual Directors and evaluation of the Chairman;
- b. reviewed the findings of the evaluations of the AC, NC, RC, Board and peer assessment of the individual Directors and evaluation of the Chairman;
- c. reviewed and recommended to the Board the nomination of Directors for re-election at the AGM held on 29 July 2020;
- d. 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;
- e. reviewed the size and composition of the Board and each Board Committee, changes in the Board members and succession plans;
- f. reviewed and assessed the independence of each Independent Director; and
- g. 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 4.3 – 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.

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.

Effective 1 January 2022, Rule 210(5)(d)(iii) of the SGX-ST Listing Manual provides that a director will not be independent if he has been a director for an aggregate period of more than 9 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) shareholders, excluding the directors and the chief executive officer of the issuer, and associates of such directors and chief executive officer ("**2-Tiered Voting**"). For the purpose of the resolution referred to in (B), the directors and the chief executive officer of the issuer, and their respective associates, must not accept appointment as proxies unless specific instructions as to voting are given. Such resolutions may remain in force until the earlier of the following:- (X) the retirement or resignation of the director; or (Y) the conclusion of the third AGM of the issuer following the passing of the resolutions.

Pursuant to Transitional Practice Note 3 Transitional Arrangements Regarding Code of Corporate Governance 2018 of the SGX-ST Listing Manual which is effective from 1 January 2022 ("**Transitional Practice Note 3**"), to ensure that the independence designation of a director who has served for more than 9 years as at and from 1 January 2022 is not affected, the Company is required to seek and obtain approvals at general meeting held in calendar year 2021 for the continued appointment of the Independent Directors who have served on the Board beyond nine years from the date of their first appointment. In accordance with Rule 210(5)(d)(iii) of the SGX-ST Listing Manual, such approvals will remain valid until the conclusion of third AGM from such approvals.

REPORT ON CORPORATE GOVERNANCE

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:

- (i) Ms. Wang Cuiping will be retiring at the forthcoming AGM pursuant to Bye-Law 86(1) of the Bye-Laws of the Company.
- (ii) Mr. Sim Wee Leong will be retiring at the forthcoming AGM pursuant to Bye-Law 86(1) of the Bye-Laws of the Company. Accordingly, the Board, with the concurrence of the NC, proposed to retain Mr. Sim Wee Leong as an Independent Director of the Company, subject to the approval from shareholders under 2-Tiered Voting at the forthcoming AGM of the Company.
- (iii) Dr. Zheng Haibin will be retiring at the forthcoming AGM pursuant to Bye-Law 86(1) of the Bye-Laws of the Company. Accordingly, the Board, with the concurrence of the NC, proposed to retain Dr. Zheng Haibin as an Independent Director of the Company, subject to the approval from shareholders under 2-Tiered Voting at the forthcoming AGM of the Company.
- (iv) Pursuant to Transitional Practice Note 3, to ensure that the independence designation of Dr. Choo Kian Koon, who has served on the Board beyond nine years from the date of his appointment of 14 August 2006 is not affected on or after 1 January 2022, the Board, with the concurrence of the NC, proposed to retain Dr. Choo Kian Koon as an Independent Director of the Company, subject to the approval from shareholders under 2-Tiered Voting at the forthcoming AGM of the Company.

Ms. Wang Cuiping, Mr. Sim Wee Leong and Dr. Zheng Haibin had consented to continue in office and the Board had accepted the recommendation of the NC and accordingly, Ms. Wang Cuiping, Mr. Sim Wee Leong and Dr. Zheng Haibin will be offering themselves for re-election at the forthcoming AGM.

If the separate ordinary resolutions in respect of the re-election of Mr. Sim Wee Leong, Dr. Zheng Haibin or Dr. Choo Kian Koon or under the 2-Tiered Voting are both passed:

- (i) Mr. Sim Wee Leong shall remain as the Lead Independent Director of the Company for the duration specified in the ordinary resolution, the Lead Independent Director of the Company, Chairman of the AC, a member of the NC and the RC. He will be considered independent for the purposes of Rule 704(8) of the SGX-ST Listing Manual.
- (ii) Dr. Zheng Haibin shall remain as an Independent Director of the Company for the duration specified in the ordinary resolution, Chairman of the RC and a member of the AC. He will be considered independent for the purposes of Rule 704(8) of the SGX-ST Listing Manual.
- (iii) Dr. Choo Kian Koon shall remain as an Independent Director of the Company for the duration specified in the ordinary resolution, Chairman of the NC and a member of the AC and the RC. He will be considered independent for the purposes of Rule 704(8) of the SGX-ST Listing Manual.

However, if the ordinary resolution in respect of the re-election of Mr. Sim Wee Leong, Dr. Zheng Haibin or Dr. Choo Kian Koon under the 2-Tiered Voting is not passed by shareholders, excluding the directors and the chief executive of the issuer, and associates of such directors and chief executive officer:

- (i) Mr. Sim Wee Leong shall remain as an Independent Director of the Company up to and including 31 December 2021, and shall thereafter be re-designated as a Non-Independent and Non-Executive Director of the Company with effect from 1 January 2022.
- (ii) Dr. Zheng Haibin shall remain as an Independent Director of the Company up to and including 31 December 2021, and shall thereafter be re-designated as a Non-Independent and Non-Executive Director of the Company with effect from 1 January 2022.
- (iii) Dr. Choo Kian Koon shall remain as an Independent Director of the Company up to and including 31 December 2021, and shall thereafter be re-designated as a Non-Independent and Non-Executive Director of the Company with effect from 1 January 2022.

REPORT ON CORPORATE GOVERNANCE

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 pages 116 to 118 of this Annual Report.

Guideline 2.4 of the 2012 Code and 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 FY2021, 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 Mr. Sim Wee Leong, Dr. Choo Kian Koon and Dr. Zheng Haibin’s independence, they have recused themselves respectively when it comes to the deliberation and determination of their own independence.

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.

REPORT ON CORPORATE GOVERNANCE

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
Wong Sum	Executive Chairman	31 March 2020	29 July 2020	Nil	Nil
Wang Cuiping	Executive Director and Group CEO	14 August 2006	30 July 2018	Nil	Nil
Sim Wee Leong	Lead Independent Director	14 August 2006	30 July 2018	Nil	Nil
Choo Kian Koon	Independent Director	14 August 2006	26 July 2019	Manulife US Real Estate Management Pte. Ltd. (Manager of Manulife US Real Estate Investment Trust)	Nil
Zheng Haibin	Independent Director	14 August 2006	30 July 2018	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.

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 FY2021, 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.

REPORT ON CORPORATE GOVERNANCE

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 FY2021 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.

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.

REPORT ON CORPORATE GOVERNANCE

- (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.

The principal activities of the RC during FY2021 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 during FY2021;
- b. reviewed and recommended to the Board the Directors' fees for the financial year ending 31 March 2022; and
- c. received the report on the summary of share buybacks for FY2021, 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 will be subject to review and renewal upon expiry or 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 FY2021, 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.

REPORT ON CORPORATE GOVERNANCE

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:

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 executives is undertaken each year. Bonuses payable to key executives are reviewed by the RC and approved by the Board to ensure the alignment of their interests with those of Shareholders.

REPORT ON CORPORATE GOVERNANCE

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 does not see any value-add on implementing share option or long-term incentive scheme in view of the long low liquidity in the trading of the Company's shares.

Provisions 8.1 to 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 FY2021, 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.

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\$127,050 as Directors' fees for the year ending 31 March 2022, 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 FY2021 is as follows:-

Name of director	Fees S\$'000	^(a) Fixed	^(b) Variable	Benefits in Kind %	Other	Total
		Component %	Component %		Long-term Incentives %	
S\$250,000 and below						
Wong Sum	–	97	–	3	–	100
Wang Cuiping	–	90	10	–	–	100
Sim Wee Leong	54.45	–	–	–	–	100
Choo Kian Koon	48.40	–	–	–	–	100
Zheng Haibin	24.20	–	–	–	–	100

(a) Fixed Component refers to base salary and Annual Wage Supplement, if applicable, for FY2021.

(b) Variable Component refers to variable or performance related bonus paid in FY2021.

Key Management Personnel

Notwithstanding Provision 8.1(b) of the Code, as there are only 2 Key Management Personnel of the Group during the financial year ended 31 March 2021, disclosure was only made in respect of the remuneration of these 2 Key Management Personnel of the Group.

REPORT ON CORPORATE GOVERNANCE

A breakdown of the level and mix of the remuneration of each of the Key Management Personnel for FY2021 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	94	6	–	–	100
Mr. Ngai Ting Fung Ian	86	12	2	–	100

(a) Fixed Component refers to base salary and Annual Wage Supplement, if applicable, for FY2021.

(b) Variable Component refers to variable or performance related bonus paid in FY2021.

As there were only top 2 Key Management Personnel for FY2021, 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 Personnel, 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 FY2021, 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 Company'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 FY2021, no exceptions were noted. The AC will review the IA's comments and findings and ensure that there are adequate and effective internal controls in the Group and follow up on actions implemented.

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 2021:-

- (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 Listing Manual of the SGX-ST. 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 for FY2021.

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 the last twelve months 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.

Whistle Blowing

The Company has put in place a Whistle-Blowing Policy which is in line with the Code 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. 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 FY2021.

REPORT ON CORPORATE GOVERNANCE

Summary of the AC's activities in FY2021

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 FY2021, the AC had, amongst others:

- (i) held 4 meetings in the financial year with Management, 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 FY2021. For FY2021, the aggregate amount of fees paid to the EA was RMB669,000 and there were no fees paid for non-audit services.

The EA had also confirmed their independence in this respect.

- (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 Listing Manual of SGX-ST.

- (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 88 to 91 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 IA with the Institute of Internal Auditors since 2012 and has at least 30 years of experience in the accounting industry and at least 10 years of experience in internal audit.

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 Internal Auditing Standards set by the China Institute of Internal Audit.

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.

For FY2021, the AC has reviewed the findings of the IA every quarter and ensure 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.

REPORT ON CORPORATE GOVERNANCE

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 SGM (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 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 FY2021 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.

The Company conducts its votings 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 meetings are conducted by electronic means (such as the AGM for the financial year ended 31 March 2020 which was held on 29 July 2020 ("FY2020 AGM") and the forthcoming FY2021 AGM to be held on 28 July 2021), the resolutions tabled by the Company at such meetings are 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 below). 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. The Company currently does not publish its minutes of general meetings on its corporate website. However, save for the minutes of the FY2020 AGM and the minutes of the FY2021 AGM to be held, the minutes are available to shareholders upon request.

REPORT ON CORPORATE GOVERNANCE

Alternative arrangements for the conduct of general meetings

In 2020, due to the COVID-19 pandemic, Singapore entered a circuit breaker period during which physical meetings were not allowed to be held. The FY2020 AGM was held by way of electronic means pursuant to the Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period and checklist jointly issued by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation on 13 April 2020 (“**Joint Checklist**”), which was based on 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) which provide alternative arrangements for, amongst others, listed companies in Singapore to hold their general meetings.

Notwithstanding that shareholders of the Company were not allowed to attend the FY2020 AGM in person, 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 FY2020 AGM in its notice of FY2020 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.

With respect to the FY2020 AGM, the Company tabled separate resolutions at the meeting on each substantially separate issue. The chairman of the meeting was appointed as proxy to vote in accordance with the instructions of the shareholders indicated in the proxy form submitted by such shareholders. Independent scrutineers were appointed to check the validity of the proxy forms received and prepared a report on the results of the votes.

All Directors attended the FY2020 AGM, together with the EA and the Group Financial Controller via the “live” webcast. The Directors’ attendance at the general meetings of the Company held in 2020 is disclosed under provision 1.5 above.

In accordance with the requirements pursuant to the Joint Checklist, the Company had published its minutes of the FY2020 AGM on SGXNET and its corporate website within one month after the meeting.

Pursuant to the Joint Checklist entitled Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation which was last updated on 1 October 2020, the application duration of the Meetings Order has been extended to allow entities to hold general meetings via electronic means up to 30 June 2021, even where entities are permitted under safe distancing regulations to hold physical meetings. On 6 April 2021, the Ministry of Law (“**MinLaw**”) announced the extension of temporary legislative relief, which allows entities to conduct general meetings via electronic means, beyond 30 June 2021. 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 or amended by MinLaw. Accordingly, until such time, issuers may continue to utilise the Joint Checklist to guide entities on the conduct of their general meetings.

In view of the current COVID-19 restriction orders in Singapore and the related safe distancing measures, the Company will be conducting its forthcoming FY2021 AGM to be held on 28 July 2021 via electronic means in accordance with the Joint Checklist.

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.

For FY2021, the Board has recommended the payment of a final dividend of S\$0.015 per share (tax not applicable), subject to the Shareholders’ approval at the forthcoming AGM to be held on 28 July 2021.

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 statement 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 43 to 50 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 FY2021, the Company has complied with Rule 1207(19) of the SGX-ST Listing Manual.

INTERESTED PERSON TRANSACTIONS ("IPT")

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.

Save for the RMB150 million revolving loan facility to Hangzhou Ganglian Real Estate Company Limited which was approved at a Special General Meeting held on 5 February 2020, it was noted that the values of the IPTs that were transacted during FY2021 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 FY2021:

Name of interested Person	Nature of relationship	Aggregate value of all interested person transactions 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 interested person transactions 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, Wong Lam Ping and Chan Heung Ling	RMB323,280 (equivalent to approximately SGD65,179)	Nil
Chan Heung Ling Car Park Rental Expenses paid to Chan Heung Ling ⁽¹⁾	Controlling Shareholder, Chan Heung Ling	RMB53,880 (equivalent to approximately SGD10,863)	
Hangzhou Ganglian Real Estate Company Limited Outstanding loan balance under the loan facility to Hangzhou Ganglian Real Estate Company Limited ⁽¹⁾⁽²⁾	Associate of Controlling Shareholders, Wong Lam Ping and Chan Heung Ling	Principal: RMB142,490,000 (equivalent to approximately SGD29,240,114) Interest charged: RMB4,317,000 (equivalent to approximately SGD870,380)	
Total		RMB147,184,160 (equivalent to approximately SGD30,186,536)	

REPORT ON CORPORATE GOVERNANCE

- (1) Sino Harbour Limited, Hangzhou Ganglian Real Estate Company Limited are companies indirectly controlled by Mr. Wong Lam Ping and Ms. Chan Heung Ling.
- (2) The proposed RMB150 million revolving loan facility to Hangzhou Ganglian Real Estate Company Limited, which constitutes an interested person transaction under the listing manual was approved at a Special General Meeting held on 5 February 2020.

The Group does not have a general mandate from shareholders pursuant to Rule 920 of the SGX-ST Listing Manual.

Further to the Special General Meeting held on 5 February 2020, loans amounting to RMB142,490,000 has been extended by Huzhou Pan Hong Runhe Property Development Limited to Hangzhou Ganglian Real Estate Company Limited at a fixed interest rate of 9.35% per annum.

As at 31 March 2021, the total outstanding loan amount is RMB142,490,000. Based on the consolidated statement of financial position of Sino Harbour and its subsidiaries (the “**SH Group**”) as at 31 March 2021, being the latest unaudited financial statements of the SH Group, the SH Group is in a good financial position with healthy cash flow and good credit and should not have issues meeting its repayment obligations.

MATERIAL CONTRACTS

Save for the following, 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 FY2021:

1. Service Agreement entered into with the Group CEO.
2. The RMB150 million revolving loan facility to Hangzhou Ganglian Real Estate Company Limited, which constitutes an interested person transaction under the SGX-ST Listing Manual, which was approved at a Special General Meeting held on 5 February 2020, details of which are set below:

Name of lender:	Huzhou Pan Hong Runhe Property Development Limited, a wholly-owned subsidiary of Pan Hong (“ Lender ”)
Name of borrower:	Hangzhou Ganglian Real Estate Company Limited (“ Borrower ”)
Relationship between the lender and the borrower and whether the director or controlling shareholder is the lender or borrower:	The Borrower is an associate of the controlling shareholders, Mr. Wong Lam Ping and Ms. Chan Heung Ling.
Amount of the facility:	RMB150 million
Interest Rate:	The interest rate 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%.
Terms as to payment of interest and repayment of principal:	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. The term of each loan 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.
Security provided:	The loan facility is unsecured but supported by a personal guarantee issued by Mr. Wong Lam Ping executed under deed. Mr. Wong Lam Ping has also agreed that 323,395,494 of his shares in Pan Hong will be locked up and be under a moratorium until the later of (i) the Facility Termination Date and (ii) the date the Outstanding Loans are fully repaid.

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 Security 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 Company, 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.

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

2. Scope and Framework

Scope and Boundary

This annual Sustainability Report covers sustainability progress from 1 April 2020 to 31 March 2021 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. This report has not been externally assured, 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.

3. Board Statement

Dear stakeholders,

We are pleased to present Pan Hong’s fourth 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.

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

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 eco-footprint, 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. 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 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

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

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

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 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 2020–2021, Corporate Governance section.

6. 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 is implemented.

Overview of Pan Hong's Greenhouse Gas Emissions (the "GHG")*	FY2021	FY2020
Scope 1 Direct Emission (tonnes of CO₂ equivalent)(tCO₂e)	29.04	28.47
Scope 2 Indirect Emission (tCO₂e)	661.03	1,393.37
Total GHG Emission (tCO₂e)	690.07	1,421.84
GHG Intensity (tCO₂e in '000/RMB'M Revenue)	0.51	2.21

* 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*	FY2021	FY2020
Paper consumption (tonnes)	0.20	0.19

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

SUSTAINABILITY REPORT

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*	FY2021	FY2020
Electricity Consumption (kWh in '000)	663.02	1,397.57
Energy Produced from Fuel (kWh in '000)	35.36	34.65
Total Energy Consumption (kWh in '000)	698.38	1,432.22
Energy Intensity (kWh in '000/RMB'M Revenue)	0.52	2.22

* 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*	FY2021	FY2020
Total Water Consumption (m3)	6,234	46,410
Water Intensity (m3/RMB'M Revenue)	4.65	72.08

* 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. Thus, the emission volume may appear irregular across reporting periods.

7. 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.

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

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-pay leave or work part-time 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.

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 organizing 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.

8. 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.

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.

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. There were no complaints received on its products with regards to health and safety, advertising or any privacy matters relating to products and services provided and method of redress during the reporting year.

9. 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.

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

10. Looking Forward

Going forward, under the leadership of its visionary and experienced management, the Group will continue to nurture talents, provide quality services, and improve its environmental performance.

The Group expects to drive potential opportunities for innovation from its sustainable development ambition for adapting challenging economic environment, and fully endorse its social responsibility. This will increase the corporate reputation, stakeholders' satisfaction and the market recognition.

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102-8	Information on employee and other workers	Investing In Our People. Page 46 – 47
102-9	Supply chain	Assuring Our Service Quality. Page 47
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 43 – 44
102-15	Key impacts, risks, and opportunities	Stakeholder Engagement and Material Issues. Page 44
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	Business Review. Page 43
102-17	Mechanisms for advice and concerns about ethics	Business Review. Page 43
Governance		
102-18	Governance structure	Report on Corporate Governance. Page 18 – 42
Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholder Engagement and Material Issues. Page 44
102-41	Collective bargaining agreements	No collective bargaining agreements are in place.
102-42	Identify and selecting stakeholders	Stakeholder Engagement and Material Issues. Page 44
102-43	Approach to stakeholder engagement	Stakeholder Engagement and Material Issues. Page 44
102-44	Key topics and concerns raised	Stakeholder Engagement and Material Issues. Page 44

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

Disclosure		Section/Page number(s)
Reporting Practice		
102-45	Entities included in the consolidated financial statement	Scope and Framework. Page 43
102-46	Defining report content and topic boundaries	Scope and Framework. Page 43
102-47	List of material topics	Stakeholder Engagement and Material Issues. Page 44
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 43
102-51	Date of most recent report (if any)	Not applicable.
102-52	Reporting cycle	Scope and Framework. Page 43
102-53	Contact of reporting in accordance with the GRI Standards	Scope and Framework. Page 43
102-54	Claims of reporting in accordance with the GRI Standards	Scope and Framework. Page 43
102-55	GRI content index	GRI Content Index. Page 48 – 50
102-56	External assurance	Scope and Framework. Page 43
Topic-Specific Disclosure		
Economic		
GRI 204: Procurement Practices		
103-1	Explanation of the material topic and its boundary	Assuring Our Service Quality. Page 47
103-2	The management approach and its components	Assuring Our Service Quality. Page 47
103-3	Evaluation of the management approach	Assuring Our Service Quality. Page 47
GRI 205: Anti-Corruption		
103-1	Explanation of the material topic and its boundary	Business Review. Page 43
103-2	The management approach and its components	Business Review. Page 43
103-3	Evaluation of the management approach	Business Review. Page 43
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 45 – 46
103-2	The management approach and its components	Reducing Environmental Impacts. Page 45 – 46
103-3	Evaluation of the management approach	Reducing Environmental Impacts. Page 45 – 46
GRI 303: Water		
103-1	Explanation of the material topic and its boundary	Reducing Environmental Impacts. Page 45 – 46
103-2	The management approach and its components	Reducing Environmental Impacts. Page 45 – 46
103-3	Evaluation of the management approach	Reducing Environmental Impacts. Page 45 – 46
GRI 305: Emissions		
103-1	Explanation of the material topic and its boundary	Reducing Environmental Impacts. Page 45 – 46
103-2	The management approach and its components	Reducing Environmental Impacts. Page 45 – 46
103-3	Evaluation of the management approach	Reducing Environmental Impacts. Page 45 – 46

SUSTAINABILITY REPORT

For Pan Hong Holdings Group Limited

Disclosure		Section/Page number(s)
GRI 307: Environmental Compliance		
103-1	Explanation of the material topic and its boundary	Reducing Environmental Impacts. Page 45 – 46
103-2	The management approach and its components	Reducing Environmental Impacts. Page 45 – 46
103-3	Evaluation of the management approach	Reducing Environmental Impacts. Page 45 – 46
Society		
GRI 401: Employment		
103-1	Explanation of the material topic and its boundary	Investing In Our People. Page 46 – 47
103-2	The management approach and its components	Investing In Our People. Page 46 – 47
103-3	Evaluation of the management approach	Investing In Our People. Page 46 – 47
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Investing In Our People. Page 46 – 47
GRI 403: Occupational Health and Safety		
103-1	Explanation of the material topic and its boundary	Investing In Our People. Page 46 – 47
103-2	The management approach and its components	Investing In Our People. Page 46 – 47
103-3	Evaluation of the management approach	Investing In Our People. Page 46 – 47
GRI 404: Training and Education		
103-1	Explanation of the material topic and its boundary	Investing In Our People. Page 46 – 47
103-2	The management approach and its components	Investing In Our People. Page 46 – 47
103-3	Evaluation of the management approach	Investing In Our People. Page 46 – 47
GRI 408: Child Labour		
103-1	Explanation of the material topic and its boundary	Investing In Our People. Page 46 – 47
103-2	The management approach and its components	Investing In Our People. Page 46 – 47
103-3	Evaluation of the management approach	Investing In Our People. Page 46 – 47
GRI 409: Forced and Compulsory Labour		
103-1	Explanation of the material topic and its boundary	Investing In Our People. Page 46 – 47
103-2	The management approach and its components	Investing In Our People. Page 46 – 47
103-3	Evaluation of the management approach	Investing In Our People. Page 46 – 47
GRI 419: Socioeconomic Compliance		
103-1	Explanation of the material topic and its boundary	Financial Highlight. Page 3 – 5 Report on Corporate Governance. Page 18 – 42 Notes to the Financial Statement. Page 64 – 111
103-2	The management approach and its components	Financial Highlight. Page 3 – 5 Report on Corporate Governance. Page 18 – 42 Notes to the Financial Statement. Page 64 – 111
103-3	Evaluation of the management approach	Financial Highlight. Page 3 – 5 Report on Corporate Governance. Page 18 – 42 Notes to the Financial Statement. Page 64 – 111

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**”) for the financial year ended 31 March 2021 (“**FY2021**”).

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)
Ms. Wang Cuiping	(Executive Director)

In accordance with the Company’s Bye-laws and/or Rule 210(5)(d)(iii) of the Listing Manual which will come into effect on 1 January 2022 (as applicable), Ms. Wang Cuiping, Mr. Sim Wee Leong, Dr. Choo Kian Koon and Dr. Zheng Haibin shall retire at the forthcoming annual general meeting and being eligible, offer themselves for re-election.

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 01.04.2020	At 31.03.2021/ 21.04.2021	At 01.04.2020	At 31.03.2021/ 21.04.2021
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.

DIRECTORS' REPORT

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 18 to 42 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 FY2021 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 FY2021 are set out under pages 34 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 Audit Committee 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 2021.

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 2021.

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

28 June 2021

DIRECTORS' OPINION 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 59 to 111, 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 2021 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

28 June 2021

FINANCIAL SECTION

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55	Independent Joint Auditors' Report
59	Consolidated Statement of Comprehensive Income
60	Statements of Financial Position
61	Consolidated Statement of Cash Flows
63	Consolidated Statement of Changes in Equity
64	Notes to the Financial Statements

Expressed in Renminbi ("RMB")

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 59 to 111, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2021;
- 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 2021 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 RMB1,341 million for the year ended 31 March 2021. 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 RMB387 million and properties held under development of RMB435 million together represent 49% of total assets on the consolidated statement of financial position as at 31 March 2021.

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 2021 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 Consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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.
- 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.

INDEPENDENT JOINT AUDITORS' REPORT

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- 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 Philip Aw Vern Chun from BDO LLP, and Cheung Or Ping, from BDO Limited.

BDO LLP
Public Accountants and Chartered Accountants
Singapore
28 June 2021

BDO Limited
Certified Public Accountants
Hong Kong
28 June 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	Group	
		2021 RMB'000	2020 RMB'000
Revenue	6	1,340,865	643,885
Cost of sales		(848,572)	(445,776)
Gross profit		492,293	198,109
Other income and other gains and losses	6	28,290	15,804
Selling and distribution expenses		(68,100)	(20,097)
Administrative expenses		(17,297)	(18,317)
Operating profit		435,186	175,499
Finance costs	7	(361)	(1,514)
Profit before income tax	8	434,825	173,985
Income tax expense	9	(158,096)	(60,411)
Profit for the year		276,729	113,574
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		(3,086)	(3,259)
Item that may be reclassified to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		362	1,219
Other comprehensive income for the year		(2,724)	(2,040)
Total comprehensive income for the year		274,005	111,534
Profit/(loss) for the year attributable to:			
Owners of the Company		276,816	113,583
Non-controlling interests		(87)	(9)
		276,729	113,574
Total comprehensive income attributable to:			
Owners of the Company		274,092	111,543
Non-controlling interests		(87)	(9)
		274,005	111,534
Earnings per share for profit attributable to owners of the Company during the year (in RMB cents):			
- Basic and diluted	11	54.03	22.17

STATEMENTS OF FINANCIAL POSITION

as at 31 March 2021

	Notes	Group		Company	
		31 March 2021 RMB'000	31 March 2020 RMB'000	31 March 2021 RMB'000	31 March 2020 RMB'000
ASSETS AND LIABILITIES					
Non-current assets					
Property, plant and equipment	12	56,815	49,077	-	-
Investment properties	13	53,475	52,938	-	-
Investments in subsidiaries	14	-	-	278,608	278,608
Interests in associates	15	2,000	-	-	-
Financial asset at fair value through other comprehensive income	16	28,464	31,550	17,147	19,006
Deferred tax assets	17	5,669	6,360	-	-
		146,423	139,925	295,755	297,614
Current assets					
Properties held under development	18	434,519	1,137,777	-	-
Properties held for sale	19	387,476	119,656	-	-
Accounts receivable	20	15,884	-	-	-
Prepayments and other receivables	21	263,822	526,768	125	125
Contract cost assets	6	-	57,384	-	-
Amounts due from subsidiaries	22	-	-	352,183	341,222
Financial assets at fair value through profit or loss	23	28,288	26,443	-	-
Tax recoverable		27,348	50,014	-	-
Cash and bank balances	24	369,638	470,328	154	155
		1,526,975	2,388,370	352,462	341,502
Current liabilities					
Accounts payable		3,714	4,953	-	-
Accruals and other payables	25	216,996	427,434	23	244
Contract liabilities	6	231,711	1,255,611	-	-
Current tax liabilities		214,511	61,786	-	-
Amounts due to related parties	22	143	3,337	333,480	330,683
Bank and other loans	26	10,251	19,805	-	-
		677,326	1,772,926	333,503	330,927
Net current assets		849,649	615,444	18,959	10,575
Total assets less current liabilities		996,072	755,369	314,714	308,189
Non-current liabilities					
Deferred tax liabilities	17	4,632	4,729	-	-
		4,632	4,729	-	-
Net assets		991,440	750,640	314,714	308,189
EQUITY					
Equity attributable to owners of the Company					
Share capital	27	52,241	52,241	52,241	52,241
Reserves	28	918,607	683,435	262,473	255,948
		970,848	735,676	314,714	308,189
Non-controlling interests		20,592	14,964	-	-
Total equity		991,440	750,640	314,714	308,189

Wong Sum
Director

Wang Cuiping
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Group	
	2021 RMB'000	2020 RMB'000
Cash flows from operating activities		
Profit before income tax	434,825	173,985
Adjustments for:		
Interest income	(14,390)	(10,479)
Interest expense	361	1,514
Depreciation of property, plant and equipment	2,706	2,185
Gain on disposal of property, plant and equipment	-	(5)
Loss on written-off of property, plant and equipment	2	-
Gain on disposal of financial assets at fair value through profit or loss	(23,874)	(216)
Net fair value loss/(gain) on financial assets at fair value through profit or loss	9,285	(2,174)
Net fair value loss/(gain) of investment properties	388	(3,740)
Operating profit before working capital changes	409,303	161,070
Decrease in properties held under development and properties held for sale	709,551	162,592
Increase in other receivables and prepayments	(27,938)	(365,828)
Decrease/(increase) in contract cost assets	57,384	(57,384)
Decrease/(increase) in restricted bank balances	188,214	(87,706)
Decrease in financial assets at fair value through profit or loss	12,744	32,134
(Decrease)/increase in accounts and other payables, accruals and contract liabilities	(1,235,577)	259,487
Cash generated from operations	113,681	104,365
Interest received	14,390	10,479
Income taxes refund/(paid)	17,986	(75,621)
<i>Net cash generated from operating activities</i>	146,057	39,223
Cash flows from investing activities		
Purchases of property, plant and equipment	(11,244)	(3,185)
Capital contribution to an associate	(2,000)	-
Proceeds from disposals of property, plant and equipment	-	5
Purchase of financial asset at fair value through other comprehensive income	-	(15,000)
Capital reduction from financial asset at fair value through other comprehensive income	-	3,652
Decrease in structured bank balances	-	33,500
Decrease in pledged deposits with original maturity over three months	-	34,800
<i>Net cash (used in)/generated from investing activities</i>	(13,244)	53,772

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Group	
	2021 RMB'000	2020 RMB'000
Cash flows from financing activities		
Repayments to a related party	(3,182)	(8,034)
Proceed from new borrowings	–	6,064
Repayments of borrowings	(8,569)	(33,864)
Capital injection from non-controlling interests	5,834	13,365
Acquisition of non-controlling interests	–	(5,843)
Dividend paid	(39,039)	(39,271)
Interest paid	(361)	(1,514)
<i>Net cash used in financing activities</i>	(45,317)	(69,097)
Net increase in cash and cash equivalents	87,496	23,898
Effect of foreign exchange difference	28	1,502
Cash and cash equivalents at beginning of the year	281,232	255,832
Cash and cash equivalents at end of the year	368,756	281,232
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	369,638	470,328
Less: restricted bank balances	(882)	(189,096)
	368,756	281,232

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Equity attributable to owners of the Company											
	Share capital	Treasury shares	Merger reserve	Statutory reserve	Capital reserve	Other reserve	Fair value	Exchange reserve	Retained earnings	Total	Non-controlling interests	Total equity
							through other comprehensive income reserve					
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 2019	52,241	(12,817)	(2,243)	42,748	3,838	87,128	3,461	(12,324)	503,167	665,199	5,656	670,855
Transactions with owners												
Dividend declared	-	-	-	-	-	-	-	-	(39,271)	(39,271)	-	(39,271)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	13,365	13,365
Acquisition of non-controlling interests	-	-	-	-	-	(1,795)	-	-	-	(1,795)	(4,048)	(5,843)
	-	-	-	-	-	(1,795)	-	-	(39,271)	(41,066)	9,317	(31,749)
Profit/(loss) for the year	-	-	-	-	-	-	-	-	113,583	113,583	(9)	113,574
Other comprehensive income												
Changes in fair value of financial asset at fair value through other comprehensive income	-	-	-	-	-	-	(3,259)	-	-	(3,259)	-	(3,259)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	1,219	-	1,219	-	1,219
Total comprehensive income for the year	-	-	-	-	-	-	(3,259)	1,219	113,583	111,543	(9)	111,534
Transfer to statutory reserves	-	-	-	14,402	-	-	-	-	(14,402)	-	-	-
At 31 March 2020 and at 1 April 2020	52,241	(12,817)	(2,243)	57,150	3,838	85,333	202	(11,105)	563,077	735,676	14,964	750,640
Transactions with owners												
Dividend declared	-	-	-	-	-	-	-	-	(39,039)	(39,039)	-	(39,039)
Capital contribution from non-controlling interests	-	-	-	-	-	119	-	-	-	119	5,715	5,834
	-	-	-	-	-	119	-	-	(39,039)	(38,920)	5,715	(33,205)
Profit/(loss) for the year	-	-	-	-	-	-	-	-	276,816	276,816	(87)	276,729
Other comprehensive income												
Changes in fair value of financial asset at fair value through other comprehensive income	-	-	-	-	-	-	(3,086)	-	-	(3,086)	-	(3,086)
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	362	-	362	-	362
Total comprehensive income for the year	-	-	-	-	-	-	(3,086)	362	276,816	274,092	(87)	274,005
Transfer to statutory reserves	-	-	-	30,280	-	-	-	-	(30,280)	-	-	-
At 31 March 2021	52,241	(12,817)	(2,243)	87,430	3,838	85,452	(2,884)	(10,743)	770,574	970,848	20,592	991,440

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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 59 to 111 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 2021 were approved for issue by the Directors on 28 June 2021.

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 2020.

Amendments to IFRS 3	Definition of a Business
Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IAS 39, IFRS 7 and IFRS 9	Interest Rate Benchmark Reform

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

2. ADOPTION OF NEW OR AMENDED IFRSs (Continued)

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	Classification of Liabilities as Current or Non-current ⁶
Amendments to IAS 1 and IFRS Practise Statement 2	Disclosure of Accounting Policies ⁶
Amendments to IAS 8	Definition of Accounting Estimates ⁶
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁶
Amendments to IAS 16	Proceeds before Intended Use ⁴
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract ⁴
Amendments to IFRS 3	Reference to the Conceptual Framework ⁵
Amendments to IFRS 16	Covid-19-Related Rent Concessions ¹
Amendments to IFRS 16	Covid-19-Related Rent Concession beyond 30 June 2021 ²
Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16	Interest Rate Benchmark Reform – Phase 2 ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁷
Annual Improvements to IFRSs 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41 ⁴

1 Effective for annual periods beginning on or after 1 June 2020

2 Effective for annual periods beginning on or after 1 April 2021

3 Effective for annual periods beginning on or after 1 January 2021

4 Effective for annual periods beginning on or after 1 January 2022

5 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

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

7 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 Basis of consolidation and business combination

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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;
- 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Associates (Continued)

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.

In the Company's statement of financial position, investments in associates are carried at cost less impairment losses, if any. The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year.

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 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Property, plant and equipment

From 1 April 2019, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Investment properties (Continued)

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.

3.10 Leases

The Group 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Leases (Continued)

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 amortised 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial Instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

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.

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.

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 accounts payable, accruals and other payables, bank 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 Financial Instruments (Continued)

(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

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 Foreign currency translation (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Accounting for income tax (Continued)

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.

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 cash equivalents

Cash and cash equivalents 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, less pledged deposits.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 2021

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 2021

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.23 Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions apply (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 2021, properties held for sale with carrying amount of approximately RMB925,000 (2020: RMB28,171,000) were transferred to investment properties.

Impairment of accounts and other receivables

The Group's management assesses the collectability of accounts and 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 accounts and other receivables as at 31 March 2021 were approximately RMB217,939,000 (2020: RMB125,667,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

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 2021 were approximately RMB434,519,000 (2020: RMB1,137,777,000) and RMB387,476,000 (2020: RMB119,656,000) respectively.

4.2 Critical judgements in applying the entity's accounting policies

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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 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.

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 2021 and 2020.

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	
	2021	2020
	RMB'000	RMB'000
Revenue		
Sale of properties held for sale	1,340,865	643,885
Other income and other gains and losses		
Exchange loss, net	(2,179)	(2,730)
Gain on disposal of financial assets at FVTPL	23,874	216
Net fair value (loss)/gain on financial assets at FVTPL	(9,285)	2,174
Net fair value (loss)/gain of investment properties	(388)	3,740
Gain on disposal of property, plant and equipment	-	5
Interest income		
- from bank deposits	1,522	1,417
- from other receivables	6,757	4,362
- from structured bank balances	5,507	3,180
- other financial assets at amortised cost	604	1,520
	14,390	10,479
Rental income	1,195	1,194
Sundry income	683	726
	28,290	15,804

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

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

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

	Group	
	2021	2020
	RMB'000	RMB'000
Contract cost assets	–	57,384

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

Contract cost assets capitalised as at 31 March 2020 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. Contract cost assets 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. Capitalised costs of approximately RMB59,438,000 was recognised in profit or loss during the year ended 31 March 2021 (2020: nil).

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

	Group	
	2021	2020
	RMB'000	RMB'000
Contract liabilities	231,711	1,255,611

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

Contract liabilities of approximately RMB 1,255,611,000 as of 31 March 2020 (1 April 2019: RMB1,030,931,000) were recognised as revenue during the year from acceptance of properties by customers and the contract liabilities as at 31 March 2021 and 2020 were arising from the advance considerations received from customers.

As at 31 March 2021, contract liabilities or the aggregated amount of the deposits received from the remaining performance obligations under the Group's existing contracts was approximately RMB231,711,000 (2020: RMB1,255,611,000). This amount represents revenue expected to be recognised in the future from approximately acceptance of properties by customers. The Group will recognise the expected revenue in future, which is expected to occur in the next 1 to 24 months.

7. FINANCE COSTS

	Group	
	2021	2020
	RMB'000	RMB'000
Interest charges on financial liabilities stated at amortised cost:		
Bank and other loans	361	1,514

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 2021, the interests on bank and other loans contain a repayment on demand clause amounted to approximately RMB361,000 (2020: RMB1,514,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

8. PROFIT BEFORE INCOME TAX

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

	Group	
	2021 RMB'000	2020 RMB'000
Auditors' remuneration	669	788
Depreciation of property, plant and equipment (note 12)	2,706	2,185
Cost of properties held for sale recognised as expense	842,080	441,809
Short-term lease expenses	144	159
Less: amount capitalised in properties held under development	(26)	(15)
	118	144
Loss on written-off of property, plant and equipment	2	-
Outgoings in respect of investment properties that generated rental income during the year	145	271
Employee costs, including directors' remuneration		
- Wages and salaries	10,217	12,585
- Retirement benefit scheme contributions – defined contribution plans	1,324	1,905
Less: amount capitalised in properties held under development	(3,539)	(2,194)
	8,002	12,296
Other taxes	1,790	2,125

9. INCOME TAX EXPENSE

	Notes	Group	
		2021 RMB'000	2020 RMB'000
Current tax – PRC			
- Enterprise income tax ("EIT")	(a)	89,281	41,883
- LAT	(b)	68,221	17,585
		157,502	59,468
Deferred income tax (note 17)		594	943
Total income tax expense		158,096	60,411

Notes:

- (a) EIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2020: 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% (2020: 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 2021

9. INCOME TAX EXPENSE (Continued)

Reconciliation between income tax expense and accounting profit at the applicable tax rate is as follows:

	Group	
	2021 RMB'000	2020 RMB'000
Profit before income tax	434,825	173,985
Tax on profit before taxation, calculated at the rates applicable to profit in the jurisdiction concerned	108,706	43,496
Tax effect of non-taxable income	(7,098)	(1,250)
Tax effect of non-deductible expenses	1,322	4,976
Provision for LAT for the year	68,221	17,585
Tax effect on EIT of LAT payable	(17,055)	(4,396)
Effect of withholding income tax on distributable profits of the Group's PRC subsidiaries	4,000	-
Total income tax expense	158,096	60,411

10. DIVIDENDS

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

	2021 RMB'000	2020 RMB'000
Final dividends paid in respect of prior year	39,039	26,062
Interim dividends paid in respect of current year	-	13,209
	39,039	39,271

On 28 May 2019, the directors proposed a first and final dividend of S\$0.01 per ordinary share (tax not applicable), amounting to approximately S\$5,123,000 (equivalent to RMB26,062,000) for the year ended 31 March 2019, and was formally approved by the shareholders at the annual general meeting held on 26 July 2019.

On 13 November 2019, the directors declared an interim dividend of S\$0.005 per ordinary share (tax not applicable), amounting to approximately S\$2,562,000 (equivalent to RMB13,209,000) for the year ended 31 March 2020.

On 28 May 2020, the directors proposed a final dividend of S\$0.015 per ordinary share (tax not applicable), amounting to approximately S\$7,685,000 (equivalent to RMB39,039,000) for the year ended 31 March 2020, and was formally approved by the shareholders at the annual general meeting held on 29 July 2020.

On 25 May 2021, the directors proposed a first and final dividend of S\$0.015 per ordinary share (tax not applicable), amounting to approximately S\$7,685,000 (equivalent to RMB37,184,000) for the year ended 31 March 2021, and will be submitted for formal approval by the shareholders at the annual general meeting being held on 28 July 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

11. EARNINGS PER SHARE

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

	2021 RMB'000	2020 RMB'000
Earnings		
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	276,816	113,583
Number of shares		
Number of ordinary shares in issue during the year for the purpose of calculating basic earnings per share	512,311,024	512,311,024

The diluted earnings per share is the same as the basic earnings per share, as the Group has no dilutive potential shares during the current and prior years.

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	Construction in progress RMB'000	Total RMB'000
At 1 April 2019							
Cost	3,199	3,078	8,397	24,680	4,443	17,636	61,433
Accumulated depreciation	(2,677)	(2,545)	(3,662)	(2,835)	(1,921)	-	(13,640)
Carrying amount	522	533	4,735	21,845	2,522	17,636	47,793
Year ended 31 March 2020							
Opening carrying amount	522	533	4,735	21,845	2,522	17,636	47,793
Additions	211	6	-	-	2,968	-	3,185
Transfers	-	-	-	17,636	-	(17,636)	-
Depreciation	(309)	(225)	(238)	(833)	(957)	-	(2,562)
Exchange difference	2	12	447	172	28	-	661
Closing carrying amount	426	326	4,944	38,820	4,561	-	49,077
At 31 March and 1 April 2020							
Cost	3,412	2,841	8,844	42,488	7,439	-	65,024
Accumulated depreciation	(2,986)	(2,515)	(3,900)	(3,668)	(2,878)	-	(15,947)
Carrying amount	426	326	4,944	38,820	4,561	-	49,077
Year ended 31 March 2021							
Opening carrying amount	426	326	4,944	38,820	4,561	-	49,077
Additions	1,379	-	-	-	9,865	-	11,244
Written-off	(2)	-	-	-	-	-	(2)
Depreciation	(351)	(256)	(234)	(1,067)	(836)	-	(2,744)
Exchange difference	(2)	(15)	(515)	(198)	(30)	-	(760)
Closing carrying amount	1,450	55	4,195	37,555	13,560	-	56,815
At 31 March 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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Buildings held by the Group are located in the PRC and Hong Kong. At 31 March 2021, the Group's certain buildings of approximately RMB5,884,000 (2020: RMB6,568,000) were pledged for bank loans (note 26) of the Group.

Depreciation charges have been included in:

	2021 RMB'000	2020 RMB'000
Depreciation for the year	2,744	2,562
Capitalised in properties held under development	(38)	(377)
	2,706	2,185

The depreciation of right-of-use assets charged to profit or loss for the year ended 31 March 2021 was approximately RMB234,000 (2020: RMB238,000).

13. INVESTMENT PROPERTIES

	Group	
	2021 RMB'000	2020 RMB'000
Carrying amount at beginning of the year	52,938	21,027
Transfer from properties held for sale	1,184	29,331
Net fair value (loss)/gain (charged)/credited to profit or loss	(647)	2,580
Carrying amount at end of the year	53,475	52,938
Unrealised gains or losses for the year included in profit or loss for assets held at 31 March (note 6)	(388)	3,740

The investment properties included leasehold interests in land located in the PRC with lease terms expiring from 2032 to 2049 (2020: 2032 to 2049). As at 31 March 2021, the building ownership certificates of certain investment properties of the Group with carrying amount of approximately RMB190,000 (2020: RMB32,227,000) 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 31).

During the years ended 31 March 2021 and 2020, properties held for sale with carrying amount of approximately RMB925,000 (2020: RMB28,171,000) (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 RMB1,184,000 (2020: RMB29,331,000).

The total net fair value loss of investment properties approximately RMB388,000 (2020: total net fair value gain of approximately RMB3,740,000) was charged (2020: credited) to profit or loss for the year ended 31 March 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

13. INVESTMENT PROPERTIES (Continued)

The fair values of the investment properties at 31 March 2021 and 2020 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.

	2021 RMB'000	2020 RMB'000
Opening balance (level 3 recurring fair value)	52,938	21,027
Transfer from properties held for sale	1,184	29,331
Change in revaluation of investment properties included in other income and other gains and losses	(647)	2,580
Closing balance (level 3 recurring fair value)	53,475	52,938
Unrealised gains or losses for the year included in profit or loss for assets held at 31 March (note 6)	(388)	3,740

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% (2020: 4.5% - 6.5%)	The higher the term yield, the lower the fair value.
			Reversionary yield	5.0% - 6.0% (2020: 4.5% - 6.5%)	

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.

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RMB'000	2020 RMB'000
Unlisted investments, at cost	278,608	278,608

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

14. INVESTMENTS IN SUBSIDIARIES (Continued)

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	
			2021	2020
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%	86.6%
Huzhou Hongjin Market Construction & Development Co., Limited	PRC	Property development and investment, PRC	100%	100%
Modern China Holdings Limited	Hong Kong	Investment holding, Hong Kong	100%	100%
Huzhou Pan Hong Runyuan Housing and Land Development Company Limited	PRC	Property development, PRC	100%	100%

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For the year ended 31 March 2021

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	
			2021	2020
Indirectly held (Continued):				
Huzhou Runhe Investment Management Co., Limited (formerly known as 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%

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

	2021 RMB'000	2020 RMB'000
Current		
Assets	157,317	135,753
Liabilities	(1,905)	(24,081)
Total net current assets and net assets	155,412	111,672
Accumulated non-controlling interests	20,592	14,964

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

14. INVESTMENTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(b) (Continued)

Huzhou Delong

Summarised statement of comprehensive income

	2021 RMB'000	2020 RMB'000
Revenue	-	-
Loss before income tax	(660)	(170)
Total comprehensive loss	(660)	(170)
Total comprehensive income attributable to non-controlling interests	(87)	(9)
Dividends paid to non-controlling interests	-	-

Summarised statement of cash flows

	2021 RMB'000	2020 RMB'000
Cash flows from operating activities		
Cash used in operations	(32,599)	(86,349)
Interest received	4	1
Net cash used in operating activities	(32,595)	(86,348)
Cash flows from investing activity		
Purchases of property, plant and equipment	(70)	-
Net cash used in investing activity	(70)	-
Cash flows from financing activities		
Capital injection	45,374	93,982
Repayments to shareholders	(3,182)	(8,034)
Net cash generated from financing activities	42,192	85,948
Net increase/(decrease) in cash and cash equivalents	9,527	(400)
Cash and cash equivalents at beginning of the year	15	415
Cash and cash equivalent at the end of the year	9,542	15

In 2020, the Group entered into a sale and purchase agreement with a non-controlling equity holder to acquire certain equity shares of Huzhou Delong at a consideration of RMB5,843,000 and further injected RMB80,617,000 in Huzhou Delong. The Group's effective percentage of equity interest in the Huzhou Delong was changed from 64% to 86.6% and loss arising from changes in ownership interests of approximately RMB1,795,000 was charged to other reserve.

In 2021, the Group and a non-controlling equity holder further injected RMB39,540,000 and RMB5,834,000 in Huzhou Delong respectively. The Group's effective percentage of equity interest in the Huzhou Delong was changed from 86.6% to 86.75% and gain arising from changes in ownership interests of approximately RMB119,000 was credited to other reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

15. INTERESTS IN ASSOCIATES

	Group	
	2021	2020
	RMB'000	RMB'000
Share of net assets	2,000	–

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	
				2021	2020
Shenzhen Qianhai Guang Shang Xin He Financial Holdings Company Limited (“Shenzhen Qianhai”) (note (a))	PRC	Dormant, PRC	Nil	30%	30%
Yunnan Hanju Investment Co., Ltd. (“Yunnan Hanju”) (note (b))	PRC	Dormant, PRC	Nil	28.57%	28.57%
Huzhou Yunlan Tourism Development Co., Ltd. (“Huzhou Yunlan”) (note (c))	PRC	Dormant, PRC	5,000,000	40%	40%

Notes:

- (a) In June 2015, the Group established Shenzhen Qianhai with Jieyang Airport Economic Zone Xing Yu Investment Company Limited (揭阳空港经济区兴宇投资有限公司) (“Xing Yu”), Qinghai Da Hai Engineering & Construction Company Limited (青海大海工程建设有限公司) (“Qinghai Da Hai”), Jieyang Airport Zone Tai Xing Wine Company Limited (揭阳空港台区兴酒业有限公司) (“Jieyang Tai Xing”) and Shenzhen Jia Qi Da Investment Consultants Company Limited (深圳市佳其达投资咨询有限公司) (“Shenzhen Jia Qi Da”).

The shareholdings held by the Group, Xing Yu, Qinghai Da Hai, Jieyang Tai Xing and Shenzhen Jia Qi Da are 30%, 30%, 20%, 10% and 10% respectively.

Pursuant to the Shenzhen Qianhai’s Memorandum and Articles of Association, the Group will be injecting capital in total of RMB54 million to invest 30% equity stake in Shenzhen Qianhai as its pro rata share of the registered capital.

The registered capital of Shenzhen Qianhai remains unpaid by the Group, Xing Yu, Qinghai Da Hai, Jieyang Tai Xing and Shenzhen Jia Qi Da up to the date of this report.

- (b) 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 Memorandum and Articles of Association, the Group will be injecting a capital of RMB142,850,000 (the “Yunnan Hanju Consideration”) to invest 28.57% equity stake in Yunnan Hanju as its pro rata share of the registered capital. The Yunnan Hanju Consideration will be satisfied by payment of cash.

The registered capital of Yunnan Hanju remains unpaid by the Group, Shanghai Dingxun, Hunan Hengcheng, Shanghai Taiheng and Jiadingxun up to the date of this report.

- (c) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

15. INTERESTS IN ASSOCIATES (Continued)

Notes: (continued)

(c) (continued)

As at 31 March 2021, 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:

	2021 RMB'000	2020 RMB'000
Share of the associate's profit and comprehensive income for the year ended 31 March	-*	-
Aggregate carrying amount of the Group's interest in an associate as at 31 March	-*	-

* Represent the amount less than RMB1,000.

In aggregate amounts relating to Huzhou Yunlan, which is considered as a material associate of the Group, that have been included in the Group's consolidated financial statements as extracted from relating financial statements of the Huzhou Yunlan are set out below:

	2021 RMB'000	2020 RMB'000
Assets and liabilities as at 31 March		
Current assets	5,001	-
Non-current assets	-	-
Current liabilities	-	-
Non-current liabilities	-	-
Net assets	5,001	-
Reconciliation to the Group's interest in an associate:		
Proportion of the Group's ownership	40%	-
Group's share of net assets of an associate	2,000	-
Carrying amount of the investment	2,000	-
Other disclosures		
	For the year ended 31 March 2021	For the year ended 31 March 2020
	RMB'000	RMB'000
Revenue	-	-
Loss and total comprehensive income	1	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Equity instrument measured at FVOCI				
Unlisted equity investment	28,464	31,550	17,147	19,006

At 31 March 2021, balance of approximately RMB28,464,000 (2020: RMB31,550,000) represented carrying amount of 16.6% (2020: 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 33(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 (2020: 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 2019	6,368	(3,794)	2,574
Deferred tax charged to profit or loss (note 9)	(8)	(935)	(943)
At 31 March 2020 and 1 April 2020	6,360	(4,729)	1,631
Deferred tax (charged)/credited to profit or loss (note 9)	(691)	97	(594)
At 31 March 2021	5,669	(4,632)	1,037

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 2020 and 2021.

Withholding rate of 5% or 10% is imposed on dividends distributed to foreign investors. At 31 March 2021, deferred tax liabilities amounted to approximately RMB26,780,000 (2020: RMB16,846,000) in respect of aggregate amount of temporary difference of approximately RMB535,599,000 (2020: RMB336,920,000) 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 2021

18. PROPERTIES HELD UNDER DEVELOPMENT

	Group	
	2021	2020
	RMB'000	RMB'000
Leasehold interests in land	416,610	350,386
Development costs	17,909	787,391
	434,519	1,137,777

At 31 March 2021, properties held under development amounting to approximately RMB434,519,000 (2020: RMB135,432,000) were not scheduled to be sold within twelve months.

Leasehold interests in land are located in the PRC and have lease terms expiring from 2055 to 2090 (2020: 2055 to 2090). The Group's leasehold interests in land are analysed as follows:

	Group	
	2021	2020
	RMB'000	RMB'000
Leasehold interests in land held on:		
- Leases of over 30 years	416,610	350,386

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 2080 (2020: 2046 to 2080). As at 31 March 2021, the carrying value of the operating lease up-front payments on the leasehold interests in land amounted to approximately RMB96,410,000 (2020: RMB32,410,000).

During the year ended 31 March 2021 and 2020, properties held for sale with carrying value of RMB925,000 (2020: RMB28,171,000) were transferred to investment properties as these properties were under lease arrangements with third parties during the year to earn rental (note 13).

20. ACCOUNTS RECEIVABLE

Receivables that were neither past due nor impaired relate to a wide range of buyers for whom there was no recent history of default.

Based on past experience, the directors considered that no impairment allowance is required as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The Group's assessment for impairment loss is based on the accounting policies stated in notes 3.12 and 33(iii).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

21. PREPAYMENTS AND OTHER RECEIVABLES

	Notes	Group		Company	
		2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Prepayments	(a)	61,767	401,101	125	125
Other receivables	(b)	202,055	125,667	-	-
		263,822	526,768	125	125

Notes:

- (a) As at 31 March 2021, prepayment included advances of RMB60,409,000 (2020: RMB30,723,000) made to contractors for purchase of construction materials.

In June 2019, Huzhou Bureau of Natural Resources and Planning (“HBNRP”/湖州市自然资源和规划局) and the Group passed a successful bid confirmation for the land use rights of the land located in Huzhou and a deposit of RMB275,000,000 was paid to HBNRP to secure a land grant contract entered into in June 2019 for the acquisition of land use rights of the land in Huzhou, the PRC and included in prepayment as at 31 March 2020. The land use rights certificates were obtained by the Group in July 2020.

- (b) At 31 March 2021, other receivables of the Group due from certain independent third parties of approximately RMB20,600,000 (2020: RMB24,600,000) were unsecured, interest-bearing at interest rate ranging from 8% to 12% (2020: 8% to 12%) and repayable within one year or on demand.

During the year ended 31 March 2020, the Group has entered into a RMB150 million revolving loan facility agreement with Hangzhou Ganglian Real Estate Company Limited, in which Mr. Wong Lam Ping, the controlling shareholder of the Company, is the beneficial owner, and formal approval by the shareholders was obtained at the special general meeting held on 5 February 2020. As at 31 March 2021, the outstanding balance of RMB142,490,000 (2020: RMB62,000,000) was included in other receivables and guaranteed by Mr. Wong Lam Ping, interest-bearing at a fixed interest rate of 9.35% (2020: 9.35%), repayable within a year after the reporting date and subject to a repayment on demand clause.

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 2021 and 2020 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 33(iii).

22. AMOUNTS DUE FROM/(TO) RELATED PARTIES

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Amounts due from subsidiaries	-	-	352,183	341,222
Amounts due to:				
- subsidiaries	-	-	(333,480)	(330,683)
- a related company	(143)	(155)	-	-
- non-controlling interests	-	(3,182)	-	-
	(143)	(3,337)	(333,480)	(330,683)

Amounts due from/(to) related parties were unsecured, non-interest bearing and repayable on demand and to be settled in cash.

As at 31 March 2021 and 2020, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2021 RMB'000	2020 RMB'000
Current		
Listed equity securities held for trading	28,288	26,443
Financial assets at FVTPL are as follows:		
- Hong Kong	10	15
- the PRC	28,278	26,428
	28,288	26,443

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.

At 31 March 2020, the Group's certain listed equity securities of approximately RMB15,471,000 were pledged for other loan (note 26) of the Group.

For more detailed information in relation to the fair value measurement of the items above, please refer to note 33(vii).

24. CASH AND BANK BALANCES

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Cash and bank deposits	369,638	470,328	154	155
Less:				
Deposit restricted for construction works	(882)	(189,096)	-	-
Cash and cash equivalents for the purpose of the consolidated statement of cash flows	368,756	281,232	154	155

At 31 March 2021, approximately RMB364,859,000 (2020: RMB449,283,000) was deposited with banks in the PRC. These balances were mainly denominated in RMB (2020: 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.

25. ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Accruals and other payables	216,996	427,434	23	244

At 31 March 2021 and 2020, accruals and other payables of the Group were unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

26. BANK AND OTHER LOANS

	Note	Group	
		2021 RMB'000	2020 RMB'000
Bank loans - secured		10,251	13,741
Other loan – secured		–	6,064
Total borrowings	(a)	10,251	19,805

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

	Note	Group	
		2021 RMB'000	2020 RMB'000
Current			
Portion of other loan due for repayment within one year		–	6,064
Portion of bank loans due for repayment within one year which contain repayment on demand clause		2,421	2,625
Portion of bank loans due for repayment after one year which contain repayment on demand clause	(b)	7,830	11,116
		10,251	19,805

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

	Group	
	2021 RMB'000	2020 RMB'000
Within one year or on demand	10,251	19,805

Notes:

- (a) As at 31 March 2021, the effective interest rates of the Group's secured bank and other loans were approximately 2.64% (2020: 4.44% to 8.25%) per annum.
- (b) As at 31 March 2021, current liabilities included bank loans of RMB7,830,000 (2020: RMB11,116,000) 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	
	2021 RMB'000	2020 RMB'000
RMB	–	6,064
HK\$	10,251	13,741

As at 31 March 2021, the outstanding balances of bank loans in HK\$ were approximately HK\$12,156,000 (2020: HK\$15,027,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

26. BANK AND OTHER LOANS (Continued)

As at 31 March 2021, bank loans of the Group were:

- (i) secured by the Group's property, plant and equipment of approximately RMB5,884,000 (2020: RMB6,568,000) (note 12); and
- (ii) guaranteed by the Company and the controlling shareholder of the Group, Mr. Wong Lam Ping.

Other than above, as at 31 March 2020, the other loan was secured by the Group's financial assets at FVTPL of approximately RMB15,471,000 (note 23).

27. 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 2019 and 31 March 2020 and 2021	5,100,000,000	517,374
Issued and fully paid:		
Ordinary shares		
At 1 April 2019 and 31 March 2020 and 2021	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 special 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 2019, 31 March 2020 and 2021	6,544,000	12,817

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

28. RESERVES

(a) Group

	Notes	2021 RMB'000	2020 RMB'000
Treasury shares (note 27)	(i)	(12,817)	(12,817)
Merger reserve	(ii)	(2,243)	(2,243)
Statutory reserve	(iii)	87,430	57,150
Capital reserve	(iv)	3,838	3,838
Other reserve	(v)	85,452	85,333
Exchange reserve	(vi)	(10,743)	(11,105)
Retained earnings		770,574	563,077
FVOCI reserve	(vii)	(2,884)	202
		918,607	683,435

The amounts of the Group's reserves and the movements therein for the year ended 31 March 2021 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 27).
- (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.

(b) Company

	Notes	2021 RMB'000	2020 RMB'000
Treasury shares (note 27)	(a)(i)	(12,817)	(12,817)
Merger reserve		59,579	59,579
Retained earnings		216,364	207,980
FVOCI reserve	(a)(vii)	(653)	1,206
		262,473	255,948

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

29. 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 2021 amounted to approximately RMB991,440,000 (2020: RMB750,640,000) which the management considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities. As at 31 March 2021 and 2020, the Group's cash and bank balances exceeds its total debts.

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 28(a)(iii) on statutory reserves, the Group is not subject to any other externally imposed capital requirements for the years ended 31 March 2021 and 2020. The Group has complied with all externally imposed capital requirements as described above for the financial years ended 31 March 2021 and 2020.

The Group's overall strategy remains unchanged from 2020.

30. COMMITMENTS

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

	Group	
	2021	2020
	RMB'000	RMB'000
Contracted but not provided for in respect of		
- properties held under development of the Group	355,684	253,770

The Company did not have any commitments as at 31 March 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

31. LEASES

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

	Group	
	2021	2020
	RMB'000	RMB'000
Not later than one year	742	980
Later than one year and not later than five years	4,751	3,451
After five years	1,539	2,827
	7,032	7,258

The Group leases out certain investment properties and properties held for sale which run for initial periods of one to nine years (2020: one to nine 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	
	2021	2020
	RMB'000	RMB'000
Aggregate undiscounted commitments for short term lease	78	26

32. CONTINGENCIES

Mortgage loan arrangements with banks

As at 31 March 2021 and 2020, the Group has arranged mortgage loan facility for certain purchasers of property units and provided guarantees to secure obligations of repayments. At 31 March 2021, the outstanding guarantees amounted to RMB69,262,000 (2020: RMB59,148,000). 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

33. 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 2021, the financial assets of the Group comprise accounts and other receivables, financial assets at FVTPL, financial asset at FVOCI and cash and bank balances. The financial liabilities of the Group comprise accounts payable, accruals and other payables, amount due to related parties and bank 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 26.

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 profit after tax for the year and retained profits would increase/decrease by approximately RMB2,747,000 (2020: RMB3,503,000) 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 2020 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Foreign currency risk (Continued)

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.

	Group	
	2021	2020
	RMB'000	RMB'000
Bank deposits denominated in		
- HK\$	62	62
- US\$	21	23
Amount due to a related company denominated in		
- HK\$	(143)	(155)

The Company is not exposed to any foreign currency risk.

(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 accounts and other receivables and cash and bank. The management has a credit policy and the exposures to credit risks are monitored on an ongoing basis.

The Group measures loss allowances for accounts receivable at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

Expected loss rate are based on the actual loss experience over the past 5 years. These rates are adjusted to reflect the differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of these receivables.

As at 31 March 2021, the gross carrying amount of the Group's accounts receivable is RMB15,884,000 (2020: nil) and is not pass due. Its expected loss rate is 0.5% and the ECL is immaterial as reporting date.

In respect of other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

None of the Group's financial assets are secured by collateral or other credit enhancements.

The Group performs ongoing credit evaluation of its customers' 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iii) Credit risk (Continued)

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 2021, the gross carrying amount of other receivables is approximately RMB203,552,000 (2020: RMB127,164,000) and loss allowances remains unchanged from the previous financial year (2020: nil) for other receivables during the year ended 31 March 2021.

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 2021, the Group had approximately 87% (2020: 71%) 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 2020, 1 April 2020 and 31 March 2021	1,497

As at 31 March 2021, the Group has other receivables due from a related party (2020: one) amounting to RMB142,490,000 (2020: RMB62,000,000), representing 71% (2020: 49%) of other receivables. Except for these receivables, there was 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 is 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 32.

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 2021 and 2020, 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 2021

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity risk (Continued)

Group

	Carrying amount RMB'000	Total contractua undiscounted cash flows RMB'000	On demand RMB'000
At 31 March 2021			
- Accounts payable	3,714	3,714	3,714
- Accruals and other payables	216,996	216,996	216,996
- Amounts due to related parties	143	143	143
- Interest-bearing bank loans	10,251	10,251	10,251
	231,104	231,104	231,104
- Financial guarantees issued: maximum amount guaranteed	-	69,262	69,262
	Carrying amount RMB'000	Total contractua undiscounted cash flows RMB'000	On demand RMB'000
At 31 March 2020			
- Accounts payable	4,953	4,953	4,953
- Accruals and other payables	427,434	427,434	427,434
- Amounts due to related parties	3,337	3,337	3,337
- Interest-bearing bank and other loans	19,805	19,805	19,805
	455,529	455,529	455,529
- Financial guarantees issued: maximum amount guaranteed	-	59,148	59,148

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 2021	1,327	1,520	8,679	11,526	10,251
31 March 2020	7,584	1,737	12,782	22,103	19,805

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(iv) Liquidity risk (Continued)

At 31 March 2021 and 2020, 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 32. 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 33(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.

(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 23). 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 statement 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

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 2021					
Financial assets at FVTPL					
Securities held for trading					
- Listed	(a)	28,288	-	-	28,288
Financial asset at FVOCI					
Unlisted equity investment	(b)	-	-	28,464	28,464
Year ended 31 March 2020					
Financial assets at FVTPL					
Securities held for trading					
- Listed	(a)	26,443	-	-	26,443
Financial asset at FVOCI					
Unlisted equity investment	(b)	-	-	31,550	31,550

There was no transfer between levels during the year.

Reconciliation for financial instrument carried at fair value based on significant unobservable inputs (Level 3) are as follows:

Unlisted equity investment

	Group	
	2021 RMB'000	2020 RMB'000
At the beginning of the year	31,550	23,461
Addition	-	15,000
Capital reduction	-	(3,652)
Total gains or losses:		
- in other comprehensive income	(3,086)	(3,259)
At the end of the year	28,464	31,550

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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

(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

	2021	2020
Weighted average cost of capital	16%	17%
Long term revenue growth rate	3%	3%
Long term pre tax operating margin	46%	48%

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 RMB2,915,000 (2020: RMB3,237,000), an increase in long term revenue growth rate by 1% would increase the fair value of Zhejiang GSCB by RMB1,504,000 (2020: RMB1,660,000), and an increase in long term pre tax operating margin by 1% would increase the fair value of Zhejiang GSCB by RMB371,000 (2020: RMB394,000).

There were no changes in valuation techniques during the period.

34. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The carrying amounts of the Group's financial assets and liabilities as recognised at 31 March 2021 and 2020 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	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
- Financial assets at FVTPL	28,288	26,443	-	-
- Financial asset at FVOCI	28,464	31,550	17,147	19,006
Financial assets measured at amortised cost				
- Accounts receivable	15,884	-	-	-
- Other receivables	202,055	125,667	-	-
- Due from subsidiaries	-	-	352,183	341,222
- Cash and bank balances	369,638	470,328	154	155
	644,329	653,988	369,484	360,383

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

34. SUMMARY OF FINANCIAL ASSETS AND LIABILITIES BY CATEGORY (Continued)

Financial Liabilities

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Financial liabilities measured at amortised cost				
- Accounts payable, and accruals and other payables	220,710	432,387	23	244
- Bank and other loans	10,251	19,805	-	-
- Due to related parties	143	3,337	333,480	330,683
	231,104	455,529	333,503	330,927

35. 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 2019	46,608	-	11,361	-
Changes from cash flows:				
Proceeds from new borrowings	6,064	-	-	-
Repayments of bank borrowings	(33,864)	-	-	-
Dividend paid	-	-	-	(39,271)
Interest paid	-	(1,514)	-	-
Repayments to a related party	-	-	(8,034)	-
Subtotal	(27,800)	(1,514)	(8,034)	(39,271)
	18,808	(1,514)	3,327	(39,271)
Exchange difference	997	-	10	-
Other changes				
Interest expenses	-	1,514	-	-
Dividend declared	-	-	-	39,271
At 31 March 2020 and 1 April 2020	19,805	-	3,337	-
Changes from cash flows:				
Repayments of borrowings	(8,569)	-	-	-
Dividend paid	-	-	-	(39,039)
Interest paid	-	(361)	-	-
Repayments to a related party	-	-	(3,182)	-
Subtotal	(8,569)	(361)	(3,182)	(39,039)
	11,236	(361)	155	(30,039)
Exchange difference	(985)	-	(12)	-
Other changes				
Interest expenses	-	361	-	-
Dividend declared	-	-	-	39,039
At 31 March 2021	10,251	-	143	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2021

36. 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	
		2021 RMB'000	2020 RMB'000
Car park rental expense charged by			
- Spouse of Mr. Wong Lam Pang	(a)	54	54
Rental income charged to			
- A related company	(b)	323	321
Decoration services provided by			
- A related company	(b)	-	463
Interest income charged to			
- A related company	(b)	4,317	184

Notes:

- (a) During years ended 31 March 2021 and 2020, 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	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Directors' fee	630	891	630	891
Short-term employment benefits	1,812	2,525	-	-
Post employment benefits	31	37	-	-
	2,473	3,453	630	891

37. EVENTS AFTER REPORTING PERIOD

On 30 April 2021, the Group has made a successful bid for the land use rights of a land located in Shanwei City, Guangdong Province in PRC at a total consideration of RMB717,000,000. The Group had paid 50% of the consideration with the remaining to be paid before 26 October 2021.

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: 88%	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: 84%	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: 99% 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: 79% C: 27%	Completed
PROPERTIES UNDER DEVELOPMENT								
Huzhou Delong Project (also named as 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	86.75%	N.A.	Q1-Q2CY2023
Huzhou Fenghuang Project (also named as Run Hong Yuan)	Fenghuang West, Wuxing District, Huzhou City, Zhejiang Province, the PRC	R, C	36,122	R: 61,537 C: 397	R: Expiring on 29 May 2090	100%	N.A.	Q1CY2024

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	277,866	Ownership certificate to be obtained	100.00%	N.A.	Under planning
PROPERTIES HELD FOR INVESTMENT								
28 bicycle space of Xinya Jianyuan	Nos. 678 to 688 Shiyuan Road, Nanxun Tower, 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.	1,354	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.	3,515	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.	3,721	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
Hangzhou Liyang Yuan (杭州丽阳苑)	Shenhua Road Xihu District Hangzhou City, Zhejiang Province, the PRC	C	N.A.	1,109	R: Expiring on 14 December 2046	100%	N.A.	Completed
5 commercial units of Pan Hong Run Yuan	2nd Ring West Road, Southwest District Huzhou City, Zhejiang Province, the PRC	C	N.A.	874	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 2021

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	48	5.39	31,267	0.01
1,001 - 10,000	329	36.92	2,022,200	0.39
10,001 - 1,000,000	495	55.56	41,150,740	8.03
1,000,001 and above	19	2.13	469,106,817	91.57
	891	100.00	512,311,024	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 16 JUNE 2021

(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)}	26,020,894	5.07	302,443,300	59.04
Chan Heung Ling ^{(1) (2)}	14,443,300	2.82	314,020,894	61.29

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 5,068,700 shares through Phillip Securities Pte Ltd.

SHAREHOLDERS' INFORMATION

as at 16 June 2021

TWENTY LARGEST SHAREHOLDERS AS AT 16 JUNE 2021

No.	Name of Shareholders	Number of Shares	%
1.	EXTRA GOOD ENTERPRISES LIMITED	288,000,000	56.22
2.	PHILLIP SECURITIES PTE LTD	47,950,316	9.36
3.	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	25,746,100	5.03
4.	WONG LAM PING	20,952,194	4.09
5.	DBS NOMINEES PTE LTD	18,512,200	3.61
6.	CHAN HEUNG LING	14,443,300	2.82
7.	RAFFLES NOMINEES (PTE) LIMITED	11,754,507	2.29
8.	JUMBO KING HOLDINGS LIMITED	9,700,000	1.89
9.	CITIBANK NOMINEES SINGAPORE PTE LTD	8,674,400	1.69
10.	MAYBANK KIM ENG SECURITIES PTE.LTD	4,849,000	0.95
11.	UOB KAY HIAN PTE LTD	2,912,500	0.57
12.	IFAST FINANCIAL PTE LTD	2,602,500	0.51
13.	ABN AMRO CLEARING BANK N.V.	2,528,100	0.49
14.	DB NOMINEES (SINGAPORE) PTE LTD	2,267,000	0.44
15.	LIM KIAN SENG (LIN JIANSHEN)	2,100,000	0.41
16.	IWAN RUSLI @ LIE TJIN VAN	1,940,000	0.38
17.	SIM WEE YANG (SHEN WEIYANG)	1,926,000	0.38
18.	OCBC SECURITIES PRIVATE LTD	1,218,700	0.24
19.	SEAH CHYE ANN (XIE CAI'AN)	1,030,000	0.20
20.	MUHAMMED BIN HAJI ABDUL LATIFF	1,000,000	0.19

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

35.75% 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

as at 12 July 2021

The following additional information on Ms. Wang Cuiping, Mr. Sim Wee Leong, Dr. Choo Kian Koon and Dr. Zheng Haibin who are seeking re-election as Directors at this Annual General Meeting, is to be read in conjunction with his biography on page 16 of this Annual Report.

	Wang Cuiping	Sim Wee Leong	Choo Kian Koon	Zheng Haibin
Date of Appointment	14 August 2006	14 August 2006	14 August 2006	14 August 2006
Date of last re-appointment (if applicable)	30 July 2018	30 July 2018	26 July 2019	30 July 2018
Age	57	56	69	64
Country of principal residence	China	Singapore	Singapore	Hong Kong
The Board's comments on this appointment (In the Company's case, the Board's comments on this re-election)	<p>The Nominating Committee (the "NC"), having considered the attendance and participation of the Director at Board and Board Committees' meetings, in particular, Ms. Wang Cuiping's contribution to the business and operations of the Company as well as Board processes, had recommended to the Board the re-election of Ms. Wang Cuiping who will be retiring by rotation pursuant to the Company's Bye-Law 86(1) at the forthcoming AGM.</p> <p>The Board supported the NC's recommendation.</p> <p>Ms. Wang Cuiping had abstained from voting on any resolution and making any recommendation and/or participate in respect of her own re-election.</p>	<p>The NC having considered the attendance and participation of the Director at Board and Board Committees' meetings, and taking into account Mr. Sim Wee Leong'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. Sim Wee Leong who will be retiring pursuant to (i) Bye-law 86(1) and (ii) Rule 210(5)(d)(iii) of the Listing Manual which will come into effect on 1 January 2022 and subject to approval by (a) all shareholders; and (b) shareholders, excluding the directors and the chief executive officer of the issuer, and associates of such directors and chief executive officer, at the forthcoming AGM of the Company.</p> <p>The Board supported the NC's recommendation.</p> <p>Mr. Sim Wee Leong had abstained from voting on any resolution and making any recommendation and/or participate in respect of his own re-election.</p>	<p>The NC having considered the attendance and participation of the Director at Board and Board Committees' meetings, and taking into account Dr. Choo Kian Koon'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 Dr. Choo Kian Koon who will be retiring pursuant to (i) Bye-law 86(1) and (ii) Rule 210(5)(d)(iii) of the Listing Manual which will come into effect on 1 January 2022 and subject to the approval by (a) all shareholders; and (b) shareholders, excluding the directors and the chief executive officer of the issuer, and associates of such directors and chief executive officer, at the forthcoming AGM of the Company.</p> <p>The Board supported the NC's recommendation.</p> <p>Dr. Choo Kian Koon had abstained from voting on any resolution and making any recommendation and/or participate in respect of his own re-election.</p>	<p>The NC having considered the attendance and participation of the Director at Board and Board Committees' meetings, and taking into account Dr. Zheng Haibin'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 Dr. Zheng Haibin who will be retiring pursuant to Rule 210(5)(d)(iii) of the Listing Manual which will come into effect on 1 January 2022 and subject to the approval by (a) all shareholders; and (b) shareholders, excluding the directors and the chief executive officer of the issuer, and associates of such directors and chief executive officer, at the forthcoming AGM of the Company.</p> <p>The Board supported the NC's recommendation.</p> <p>Dr. Zheng Haibin had abstained from voting on any resolution and making any recommendation and/or participate in respect of his own re-election.</p>

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

as at 12 July 2021

	Wang Cuiping	Sim Wee Leong	Choo Kian Koon	Zheng Haibin
Whether appointment is executive, and if so, the area of responsibility	Executive Ms. Wang Cuiping is responsible for strategic planning and financial management, as well as the overall management of the Group.	Non-executive	Non-executive	Non-executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director and Chief Executive Officer	Lead Independent Director, Chairman of the Audit Committee (“AC”) and a member of the NC and the Remuneration Committee (“RC”)	Independent Director, Chairman of the NC and a member of the AC and the RC	Independent Director, Chairman of the RC and a member of the AC
Professional qualifications	Please refer to the Directors’ respective biographies on page 16 of this Annual Report.			
Working experience and occupation(s) during the past 10 years	Please refer to the Directors’ respective biographies on page 16 of this Annual Report.			
Shareholding interest in the listed issuer and its subsidiaries	Direct interest of 689,900 ordinary shares in the Company	Nil	Nil	Nil
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	Nil	Nil	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	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	Yes	Yes
Other Principal Commitments*	Nil	Partner of Smalley & Sims PAC	Adjunct associate professor at the Department of Real Estate, National University of Singapore	Nil

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

as at 12 July 2021

	Wang Cuiping	Sim Wee Leong	Choo Kian Koon	Zheng Haibin
Other Directorships for the past 5 years	Nil	Nil	Ascendas Hospitality Trust (A-HTrust) * A-HTRUST is a stapled group comprising Ascendas Trust (A-HREIT) and Ascendas Hospitality Trust (A-HBT). A-HREIT is managed by Ascendas Hospitality Fund Management Pte Ltd and A-HBT is managed by Ascendas Hospitality Trust Management Pte Ltd	Nil
Other Present Directorships	Nil	Nil	1. Manulife US Real Estate Management Pte. Ltd. 2. VestAsia Group Pte. Ltd.	1. CCH High-Tech Enterprise Ltd. 2. Shenzhen Scinfo Venture Capital Management Co., Ltd.
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	Not applicable	Not applicable	Not applicable

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

Due to the COVID-19-related control and safe distancing measures put in place in Singapore, members of the Company will not be able to attend the AGM in person. Please refer to the notes to this Notice of AGM for further details.

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**” or “**Meeting**”) of Pan Hong Holdings Group Limited (the “**Company**”) will be held by way of electronic means on Wednesday, 28 July 2021 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 2021 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a final dividend of S\$0.015 per share (tax not applicable) for the financial year ended 31 March 2021 (FY2020: S\$0.015 per share). **(Resolution 2)**
3. To re-elect Ms. Wang Cuiping, a Director of the Company, who is retiring pursuant to Bye-Law 86(1) of the Bye-Laws of the Company.
[See Explanatory Note (i)] **(Resolution 3)**
4. To re-elect Mr. Sim Wee Leong, a Director of the Company, who is retiring pursuant to (i) Bye-Law 86(1) of the Bye-Laws of the Company and (ii) Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) which will come into effect on 1 January 2022.
[See Explanatory Notes (ii) and (iii)] **(Resolution 4a)**
5. That subject to and contingent upon the passing of Ordinary Resolution 4a above, to approve the continued appointment of Mr. Sim Wee Leong as an Independent Director of the Company, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will come into effect on 1 January 2022, for a period ending on the earlier of the following: (a) the retirement or resignation of Mr. Sim Wee Leong as a director; or (b) the conclusion of the third annual general meeting of the Company following the passing of this Ordinary Resolution 4b.
[See Explanatory Notes (ii) and (iii)] **(Resolution 4b)**
6. To re-elect Dr. Zheng Haibin, a Director of the Company, who is retiring pursuant to (i) Bye-Law 86(1) of the Bye-Laws of the Company and (ii) Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will come into effect on 1 January 2022.
[See Explanatory Notes (ii) and (iv)] **(Resolution 5a)**
7. That subject to and contingent upon the passing of Ordinary Resolution 5a above, to approve the continued appointment of Dr. Zheng Haibin as an Independent Director of the Company, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will come into effect on 1 January 2022, for a period ending on the earlier of the following: (a) the retirement or resignation of Dr. Zheng Haibin as a director; or (b) the conclusion of the third annual general meeting of the Company following the passing of this Ordinary Resolution 5b.
[See Explanatory Notes (ii) and (iv)] **(Resolution 5b)**
8. To re-elect Dr. Choo Kian Koon, a Director of the Company retiring pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will come into effect on 1 January 2022.
[See Explanatory Notes (ii) and (v)] **(Resolution 6a)**
9. That subject to and contingent upon the passing of Ordinary Resolution 6a above, to approve the continued appointment of Dr. Choo Kian Koon as an Independent Director of the Company, pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will come into effect on 1 January 2022, for a period ending on the earlier of the following: (a) the retirement or resignation of Dr. Choo Kian Koon as a director; or (b) the conclusion of the third annual general meeting of the Company following the passing of this Ordinary Resolution 6b.
[See Explanatory Notes (ii) and (v)] **(Resolution 6b)**

NOTICE OF ANNUAL GENERAL MEETING

10. To approve the payment of Directors' fees of S\$127,050 for the financial year ending 31 March 2022, to be paid quarterly in arrears. (FY2021: S\$127,050). **(Resolution 7)**
11. 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 8)**
12. 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:

13. 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) for the purpose of determining the aggregate number of Shares that may be issued under subparagraph (a) above, the total number 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) 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;
 - (ii) new shares arising from exercising share options or vesting of Share awards which were issued and 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 (vi)]

(Resolution 9)

NOTICE OF ANNUAL GENERAL MEETING

14. 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 (Chapter 50) 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 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

“**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

NOTICE OF ANNUAL GENERAL MEETING

- (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 (vii)]

(Resolution 10)

By Order of the Board

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

12 July 2021

Explanatory Notes to Resolutions to be passed –

- (i) The information relating to Ms. Wang Cuiping as required under Rule 720(6) of the SGX-ST Listing Manual is set out from pages 116 to 118 of the Annual Report.
- (ii) Effective 1 January 2022, Rule 210(5)(d)(iii) of the SGX-ST Listing Manual provides that a director will not be independent if he has been a director for an aggregate period of more than 9 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) shareholders, excluding the directors and the chief executive officer of the issuer, and associates of such directors and chief executive officer. For the purpose of the resolution referred to in (B), the directors and the chief executive officer of the issuer, and their respective associates, must not accept appointment as proxies unless specific instructions as to voting are given. Such resolutions may remain in force until the earlier of the following:- (X) the retirement or resignation of the director; or (Y) the conclusion of the third annual general meeting of the issuer following the passing of the resolutions.

Pursuant to Transitional Practice Note 3 Transitional Arrangements Regarding Code of Corporate Governance 2018 of the SGX-ST Listing Manual which is effective from 1 January 2022 (“**Transitional Practice Note 3**”), to ensure that the independence designation of a director who has served for more than 9 years as at and from 1 January 2022 is not affected, the Company is required to seek and obtain approvals at general meeting held in calendar year 2021 for the continued appointment of the Independent Directors who have served on the Board beyond nine years from the date of their first appointment. In accordance with Rule 210(5)(d)(iii) of the SGX-ST Listing Manual, such approvals will remain valid until the conclusion of third AGM from such approvals.

In view of the above, as Mr. Sim Wee Leong, Dr. Zheng Haibin and Dr. Choo Kian Koon, the Independent Directors of the Company, have served on the Board beyond 9 years from the date of their first appointment, they are seeking shareholders’ approval pursuant to Rule 210(5)(d)(iii) of the SGX-ST Listing Manual which will come into effect on 1 January 2022 and in accordance with Transitional Practice Note 3.

For the purposes of Ordinary Resolution 4b, Ordinary Resolution 5b and Ordinary Resolution 6b, the Directors and the Chief Executive Officer of the Company and their respective associates (as defined in the SGX-ST Listing Manual) (i) shall abstain from voting; and (ii) must not accept appointment as proxies unless specific instructions as to voting are given. Any votes cast by such persons in contravention of the foregoing shall be disregarded for the purposes of determining if these Ordinary Resolutions have been passed.

The information relating to Mr. Sim Wee Leong, Dr. Zheng Haibin and Dr. Choo Kian Koon as required under Rule 720(6) of the SGX-ST Listing Manual is set out from pages 116 to 118 of the Annual Report.

- (iii) If Ordinary Resolution 4a and Ordinary Resolution 4b are passed, Mr. Sim Wee Leong shall remain as the Lead Independent Director of the Company for the duration specified in Ordinary Resolution 4b, Chairman of the Audit Committee (“**AC**”), a member of the Nominating Committee (“**NC**”) and Remuneration Committee (“**RC**”). He will be considered independent for the purposes of Rule 704(8) of the SGX-ST Listing Manual.

If Ordinary Resolution 4a is passed but Ordinary Resolution 4b is not passed, Mr. Sim Wee Leong shall remain as an Independent Director of the Company up to and including 31 December 2021, and shall thereafter be re-designated as a Non-Independent and Non-Executive Director of the Company with effect from 1 January 2022.

If Ordinary Resolution 4a is not passed, Ordinary Resolution 4b will not be put to the vote at the AGM in the interests of efficiency.

NOTICE OF ANNUAL GENERAL MEETING

- (iv) If Ordinary Resolution 5a and Ordinary Resolution 5b are passed, Dr. Zheng Haibin shall remain as an Independent Director of the Company for the duration specified in Ordinary Resolution 5b, Chairman of the RC and a member of the AC. He will be considered independent for the purposes of Rule 704(8) of the SGX-ST Listing Manual.

If Ordinary Resolution 5a is passed but Ordinary Resolution 5b is not passed, Dr. Zheng Haibin shall remain as an Independent Director of the Company up to and including 31 December 2021, and shall thereafter be re-designated as a Non-Independent and Non-Executive Director of the Company with effect from 1 January 2022.

If Ordinary Resolution 5a is not passed, Ordinary Resolution 5b will not be put to the vote at the AGM in the interests of efficiency.

- (v) If Ordinary Resolution 6a and Ordinary Resolution 6b are passed, Dr. Choo Kian Koon shall remain as an Independent Director of the Company for the duration specified in Ordinary Resolution 6b, Chairman of the NC, a member of the AC and a member of the RC. He will be considered independent for the purposes of Rule 704(8) of the SGX-ST Listing Manual.

If Ordinary Resolution 6a is passed but Ordinary Resolution 6b is not passed, Dr. Choo Kian Koon shall remain as an Independent Director of the Company up to and including 31 December 2021, and shall thereafter be re-designated as a Non-Independent and Non-Executive Director of the Company with effect from 1 January 2022.

If Ordinary Resolution 6a is not passed, Ordinary Resolution 6b will not be put to the vote at the AGM in the interests of efficiency.

- (vi) The Ordinary Resolution 9 proposed in item 13 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.

- (vii) The Ordinary Resolution 10 proposed in item 14 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

- Pursuant to the Additional Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation and checklist jointly issued by the Accounting and Corporate Regulatory Authority, the Monetary Authority of Singapore and Singapore Exchange Regulation on 13 April 2020 and last updated on 1 October 2020, which is based on 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), the AGM of the Company will be held by way of electronic means and members of the Company will NOT be allowed to attend the AGM in person.
- Alternative arrangements are instead put in place to allow members to participate in the AGM by:
 - watching or listening to the AGM proceedings via a Live Webcast (as defined below). Shareholders who wish to participate as such will have to pre-register in the manner outlined in Note 3 below;
 - voting by proxy at the AGM. Please refer to Notes 6 to 13 below for further details; and
 - submitting questions ahead of the AGM. Please refer to the Notes 14 to 15 below for further details.

Printed copies of this Notice of AGM and the relevant proxy forms will be sent to members, the electronic copies of which will also be posted on the Company's website at <http://www.pan-hong.com/> and the SGXNet.

Participation in AGM proceedings via "live webcast"

- A member of the Company or their corporate representative (in the case of a member which is a legal entity) will be able to watch or listen to the proceedings of the AGM through a "live" webcast via mobile phone, tablet or computer ("**Live Webcast**"). In order to do so, the member must pre-register by 10.00 a.m. on Sunday, 25 July 2021 ("**Registration Cut-Off Time**"), at the following URL: <https://events.rajahtann.com/PanHongLimitedAGM2021> (the "**Pre-registration Website**").

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4. Investors holding Shares through a Relevant Intermediary* (“Investors”) (other than investors holding shares through Central Provident Fund (“CPF”) or Supplementary Retirement Scheme (“SRS”) (“CPF/SRS investors”)) will not be able to pre-register for the Live Webcast. An Investor (other than CPF/SRS investors) who wishes to participate in the Live Webcast of the AGM should instead approach his/her relevant intermediary as soon as possible in order for the relevant intermediary to make the necessary arrangements to pre-register. The relevant intermediary is required to submit a consolidated list of participants (setting out in respect of each participant, his/her name, email address and NRIC/Passport number) via email to the Company at main@zicoholdings.com no later than 10.00 a.m. on Sunday, 25 July 2021.

*A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
 - (b) a person holding a capital markets services licence to provide custodial services under the Securities and Futures Act (Cap. 289) of Singapore and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36) of Singapore (the “CPF Act”), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. It is important that you provide your email address in your registration form. Following authentication of his/her/its status as a member of the Company, such member will receive an email on their authentication status containing login credentials to access the Live Webcast of the AGM proceedings by Monday, 26 July 2021. Members and CPF/SRS investors who do not receive any email by 10.00 a.m. on Tuesday, 27 July 2021, but have registered by the Registration Cut-Off Time, should contact the Company at ph.agm2021@rajahtann.com, with the following details included: (1) the full name of the shareholder; and (2) his/her/its identification/registration number.

Voting by proxy

6. The live webcast will not provide for online voting. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, such member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the instrument appointing the Chairman of the meeting as proxy (“Proxy Form”), failing which the appointment will be treated as invalid.
7. The Chairman of the Meeting, as proxy, need not be a member of the Company.
8. 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 CPF/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 to submit his/her voting instructions.
9. 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, Chapter 289 of Singapore), as at 48 hours before the time appointed for holding this AGM as certified by The Central Depository (Pte) Limited to the Company.
10. 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 Singapore Share Transfer Agent, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544; or
 - (b) by sending a scanned PDF copy by email to main@zicoholdings.com.
- in each case, not later than 10.00 a.m. on Monday, 26 July 2021, and failing which, the Proxy Form will not be treated as valid.
11. The Proxy Form must be executed under the hand of the appointor or of his 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. 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.

NOTICE OF ANNUAL GENERAL MEETING

12. 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.
13. 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

14. Members and Investors will not be able to ask questions “live” during the Live Webcast. However, all members and Investors of the Company may submit questions relating to the resolutions to be tabled for approval at the AGM or the Company’s businesses and operations, no later than 10.00 a.m. on Sunday, 25 July 2021:
 - (a) via the Pre-registration Website; or
 - (b) in physical copy by depositing the same at the registered office of the Company’s Share Transfer Agent, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544; or
 - (c) by email to Mr. Ian Ngai at panhong@pan-hong.com.
15. If the questions are deposited in physical copy at the Company’s 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 (as defined below), the following details must be included with the submitted questions for verification purposes, failing which the submission will be treated as invalid: (i) the member’s full name; and (ii) his/her/its identification/registration number.

The Company will endeavour to address questions which are substantial and relevant prior to, or at, the AGM proceedings.

Personal data privacy:

By pre-registering for the Live Webcast, submitting a Proxy Form appointing the Chairman of the Meeting as proxy to vote at the AGM and/or any adjournment thereof, and/or submitting questions relating to the resolutions to be tabled for approval at the AGM or the Company’s businesses and operations, a member of the Company: (i) consents to the collection, use and disclosure of such 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 such member discloses the personal data of such member’s proxy(ies) and/or representative(s) to the Company (or its agents), such 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 such member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of such member’s breach of warranty.

NOTICE OF RECORD DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of **Pan Hong Holdings Group Limited** (the “**Company**”) will be closed on 18 August 2021 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company’s Share Transfer Agent, B.A.C.S. Private Limited, 8 Robinson Road #03-00 ASO Building Singapore 048544, up to 5.00 p.m. on 18 August 2021 will be registered to determine shareholders’ entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 18 August 2021 will be entitled to the proposed dividend.

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on 28 July 2021, will be made on 30 August 2021.

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