

## **ADDENDUM DATED 12 JULY 2021**

This Addendum is circulated to shareholders (“**Shareholders**”) of Pan Hong Holdings Group Limited (the “**Company**”) together with the Company’s annual report. Its purpose is to provide Shareholders with relevant information relating to, and seek Shareholders’ approval to renew the Share Purchase Mandate (as defined herein) to be tabled at the Annual General Meeting to be held by way of electronic means on Wednesday, 28 July 2021, at 10.00 a.m. The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report.

**If you are in any doubt as to the contents of this Addendum or the course of action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.**

If you have sold or transferred all your issued ordinary shares in the capital of the Company (“**Shares**”), you should forward this Addendum to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Addendum.



## **PAN HONG HOLDINGS GROUP LIMITED**

(Incorporated in Bermuda on 20 December 2005)  
(Company Registration Number: 37749)

## **ADDENDUM IN RELATION TO THE DETAILS OF THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE**

# PAN HONG HOLDINGS GROUP LIMITED

(Incorporated in Bermuda on 20 December 2005)  
(Company Registration Number: 37749)

## Directors

Wong Sum (*Executive Chairman*)  
Wang Cuiping (*Executive Director and Group Chief Executive Officer*)  
Sim Wee Leong (*Lead Independent Director*)  
Dr Choo Kian Koon (*Independent Director*)  
Dr Zheng Haibin (*Independent Director*)

## Registered Office

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

12 July 2021

To: The Shareholders of Pan Hong Holdings Group Limited

Dear Sir/Madam

## THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

### 1. INTRODUCTION

- 1.1 Reference is made to the Notice of Annual General Meeting (“**AGM**”) dated 12 July 2021 (“**Notice of AGM**”) of the Company convening the AGM of the Company to be held on 28 July 2021 at 10.00 a.m.
- 1.2 The proposed Ordinary Resolution 10 in the Notice of AGM relates to the renewal of the share purchase mandate (“**Share Purchase Mandate**”) to authorise the directors of the Company (“**Directors**”) to exercise the Company’s power to purchase or otherwise acquire Shares on the terms of the Share Purchase Mandate. The Company’s existing Share Purchase Mandate, which was last renewed at the AGM held on 29 July 2020, will expire on the conclusion of the forthcoming AGM. Accordingly, Shareholders’ approval is being sought for the renewal of the Share Purchase Mandate to continue to authorise the Company to purchase or acquire its own Shares.
- 1.3 The purpose of this Addendum is to provide Shareholders with relevant information relating to and explain the rationale for the proposed renewal of the Share Purchase Mandate to be tabled at the forthcoming AGM.
- 1.4 Shook Lin & Bok LLP has been appointed as the legal advisor to the Company in relation to the proposed renewal of the Share Purchase Mandate.

### 2. PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

#### 2.1 Authority and Limits of the Share Purchase Mandate

The authority and limitations placed on purchase of Shares by the Company under the proposed Share Purchase Mandate (“**Share Purchases**”) are set out below:–

##### 2.1.1 Maximum Number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares which may be purchased or acquired by the Company pursuant to the Share Purchase Mandate is limited to that number of Shares representing not more than 10% of the total number of issued Shares excluding treasury shares and subsidiary holdings in each class as at the date of the forthcoming AGM at which approval for the Share Purchase Mandate is being sought.

For illustrative purposes only, on the basis of 512,311,024 issued Shares (excluding 6,544,000 treasury shares and nil subsidiary holdings) as at 28 June 2021 (“**Latest Practicable Date**”), and assuming that no further Shares are issued on or prior to the date of the AGM, not more than 51,231,102 Shares (representing 10% of the issued and paid-up ordinary share capital of the Company as at that date, excluding treasury shares) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate during the duration referred to in Section 2.1.2(a) below.

Under Bermuda law, a company may not acquire its own shares if as a result thereof, the issued share capital of the Company would be reduced below the subscribed capital specified in its memorandum of association. Paragraph 5 of the Company’s Memorandum of Association (“**Memorandum of Association**”) provides that the minimum subscribed share capital of the Company is HK\$100,000. Additionally, a company may not acquire its own shares to be held as treasury shares if, as a result of the acquisition, all of the company’s issued shares, other than the shares to be held as treasury shares, would be non-voting shares.

### 2.1.2 Duration of Authority

- (a) Under the proposed Share Purchase Mandate, Share Purchases may be made, at any time and from time to time, on and from the date of the AGM at which the Share Purchase Mandate is approved up to:–
- (i) the conclusion of the next AGM or the date by which such AGM is required to be held; or
  - (ii) the date on which the Share Purchases are carried out to the full extent mandated; or
  - (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by ordinary resolution of the Company in a general meeting,
- whichever is the earliest.
- (b) The authority conferred on the Directors by the Share Purchase Mandate to purchase Shares may be renewed at each AGM or other general meeting of the Company.

### 2.1.3 Manner of Share Purchases

- (a) Share Purchases may be made by way of the following:–
- (i) an on-market share purchase transacted on the SGX-ST’s ready market on the SGX-ST trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose (“**On-Market Share Purchase**”); and/or
  - (ii) an off-market share purchase (if effected otherwise than on the SGX-ST) in accordance with an equal access scheme as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company which scheme(s) shall satisfy all the conditions prescribed by the Companies Act (Chapter 50) of Singapore (“**Singapore Companies Act**”) (“**Off-Market Share Purchase**”).
- (b) The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the rules of the Listing Manual of the SGX-ST (“**Listing Manual**”), the Singapore Companies Act, the Companies Act 1981 of Bermuda (“**Bermuda Companies Act**”) and the Memorandum of Association and bye-laws of the Company (“**Bye-laws**”), as they consider fit in the interests of the

Company in connection with or in relation to any equal access scheme or schemes. An Off-Market Share Purchase effected in accordance with an equal access scheme must satisfy all the following conditions:–

- (i) offers for the Share Purchase shall be made to every person who holds issued Shares to purchase or acquire the same percentage of their issued Shares;
  - (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and
  - (iii) the terms of all the offers shall be the same, except that there shall be disregarded:–
    - (1) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
    - (2) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid (if applicable); and
    - (3) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.
- (c) In addition, the Listing Manual provides that, in making an Off-Market Share Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:–
- (i) the terms and conditions of the offer;
  - (ii) the period and procedures for acceptance;
  - (iii) the reasons for the proposed Share Purchase;
  - (iv) the consequences, if any, of Share Purchases by the Company that will arise under The Singapore Code on Take-overs and Mergers (“**Take-over Code**”) or other applicable take-over rules;
  - (v) whether the Share Purchase, if made, would have any effect on the listing of the Shares on the SGX-ST;
  - (vi) details of Share Purchases made during the previous 12 months (whether On-Market Share Purchases or Off-Market Share Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such Share Purchases, where relevant, and the total consideration paid for such Share Purchases; and
  - (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.

## 2.2 Maximum Purchase Price

- (a) The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for Shares will be determined by the Directors.
- (b) However, the purchase price to be paid for the Shares as determined by the Directors must not exceed:–
  - (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price (as defined below) of the Shares; and

- (ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price of the Shares,

in either case, excluding related expenses of the Share Purchase (“**Maximum Price**”).

- (c) For the above purposes:–

- (i) “**Average Closing Price**” means the average of the closing market prices of the Shares over the last five (5) days on which the SGX-ST is open for trading in securities (“**Market Day**”), 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
- (ii) “**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.

### 2.3 Rationale

The Share Purchase Mandate will give the Company the flexibility to undertake Share Purchases at any time, subject to market conditions, during the validity period of the Share Purchase Mandate. The Directors believe that the Share Purchase Mandate provides the Company with a mechanism to facilitate the return of any surplus cash in excess of the Company’s and its subsidiaries’ (the “**Group**”) working capital requirements in an expedient and cost-efficient manner.

The Directors further believe that the Share Purchases may also buffer short-term share price volatility, offset the effects of share price speculation and bolster Shareholders’ confidence. If and when circumstances permit, the Directors will decide whether to effect the Share Purchases via On-Market Share Purchases or Off-Market Share Purchases, after taking into account the amount of surplus cash available, the then prevailing market conditions and the most cost-effective and efficient approach.

Any Share Purchase by the Company will be made in accordance with the Share Purchase Mandate, the Bermuda Companies Act, the Singapore Companies Act, the Company’s Memorandum of Association and Bye-laws and the rules of the Listing Manual and if applicable, of other regulatory authorities. For so long as the Shares are listed on SGX-ST, Bye-law 3(2) of the Bye-laws requires the Company to make an announcement of any Share Purchase by the Company on the Market Day following such purchase or acquisition. Share Purchases will only be made as and when the Directors consider it to be in the best interests of the Company and in appropriate circumstances which the Directors believe will not result in any material adverse effect on the liquidity and the orderly trading of the Shares, as well as the working capital requirements and the gearing level of the Group.

### 2.4 Source of Funds

Under the Bermuda Companies Act, a Share Purchase may only be funded out of the capital paid up on the Shares to be purchased, or out of the funds of the Company which would otherwise be available for dividend or distribution, or out of the proceeds of a fresh issue of Shares made for the purpose of the purchase. The premium, if any, payable on the Share Purchase (i.e. the amount paid in excess of the nominal value of the Shares to be purchased) must be provided for out of the funds of the Company which would otherwise be available for dividend or distribution, or out of the Company’s share premium account before the Shares are purchased.

The Company intends to use internal sources of funds or external borrowings, or a combination of both, to finance its Share Purchases. In purchasing or acquiring Shares pursuant to the Share Purchase Mandate, the Directors will principally consider the availability of internal resources. In addition, the Directors will consider the availability of external financing. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that the liquidity and capital adequacy position of the Group would be materially and adversely affected.

## **2.5 Status of Purchased Shares**

### **2.5.1 Cancellation**

A Share purchased or acquired by the Company shall be treated as cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share shall expire on such cancellation) unless such Share was purchased to be held as a treasury share. Upon cancellation of the purchased Share, the issued share capital of the Company will be diminished by the nominal value of the number of Shares purchased or acquired by the Company and which are not held as treasury shares. This shall not be taken as reducing the Company's authorised share capital.

At the time of each purchase or acquisition of Shares by the Company, the Directors will decide whether the Shares are to be purchased or acquired for cancellation or to be held as treasury shares, or partly cancelled and partly to be held as treasury shares, depending on the needs of the Company at that point in time.

### **2.5.2 Treasury Shares**

Under the Bermuda Companies Act, a company may, if authorised by its memorandum of association or bye-laws, purchase or acquire its own shares for cancellation or to be held as treasury shares. The Company has the power to purchase or acquire its own Shares pursuant to paragraph 7(2) of its Memorandum of Association and Bye-law 3(2) of its Bye-laws.

Under the laws of Bermuda, if a company holds shares as treasury shares, the name of the company shall be entered in the register of members of the said company as the member holding the said shares and the company is not permitted to exercise any rights in respect of those shares (including any right to attend and vote at meetings) and no dividend or other distribution (whether in cash or otherwise) shall be paid or made to the company in respect of such shares.

No acquisition by a company of its own shares to be held as treasury shares or for cancellation may be effected if, on the date on which the acquisition is to be effected, there are reasonable grounds for believing that the company is, or after the acquisition would be, unable to pay its liabilities as they become due.

While there is no specific maximum limit to the number of shares which a company can hold as treasury shares, a company may not acquire its own shares to be held as treasury shares if, as a result of the acquisition, all of the company's issued shares, other than the shares to be held as treasury shares, would be non-voting shares.

A company that acquires its own shares to be held as treasury shares may:–

- (a) hold all or any of the treasury shares;
- (b) dispose of or transfer all or any of the treasury shares for cash or other consideration; or
- (c) cancel all or any of the treasury shares.

If the treasury shares are cancelled, the amount of the company's issued share capital shall be diminished by the nominal value of those shares, but the said cancellation of shares shall not be taken as reducing the amount of the company's authorised share capital.

Under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares, stating the following:–

- (i) date of the sale, transfer, cancellation and/or use;
- (ii) purpose of such sale, transfer, cancellation and/or use;
- (iii) number of treasury shares sold, transferred, cancelled and/or used;
- (iv) number of treasury shares before and after such sale, transfer, cancellation and/or use;
- (v) percentage of the number of treasury shares against the total number of Shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

## 2.6 Illustrative Financial Effects

The financial effects on the Company and the Group arising from Share Purchases will depend on, *inter alia*, whether the Share Purchases are made by way of On-Market Share Purchases or Off-Market Share Purchases, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled.

**For illustrative purposes only**, the financial effects on the Company and the Group arising from Share Purchases, based on the audited financial statements of the Company and the Group for financial year ended 31 March 2021 (“FY2021”), are prepared based on the following assumptions:–

- (a) the Share Purchases comprised 51,231,102 Shares (representing 10% of the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings, as at the Latest Practicable Date);
- (b) in the case of On-Market Share Purchases, the Maximum Price per Share was S\$0.248 (being 5% above the average of the closing market prices of the Shares over the last five (5) Market Days prior to the Latest Practicable Date on which there were trades in the Shares) and accordingly, the maximum amount of funds (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) required for effecting such On-Market Share Purchases would amount to approximately S\$12.7 million;
- (c) in the case of Off-Market Share Purchases, the Maximum Price per Share was S\$0.284 (being 20% above the average of the closing market prices of the Shares over the last five (5) Market Days prior to the Latest Practicable Date on which there were trades in the Shares) and accordingly, the maximum amount of funds (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) required for effecting such Off-Market Share Purchases would amount to approximately S\$14.5 million;
- (d) the Share Purchases took place on 1 April 2020; and
- (e) the exchange rate of the Chinese Renminbi to Singapore dollars is RMB4.9792 to S\$1.00 as at 1 April 2020.

## 2.6.1 On-Market Share Purchases

	Group			Company		
	Before Share Purchases	After Share Purchases	Share Purchases held as Treasury Share	Before Share Purchases	After Share Purchases	Share Purchases held as Treasury Share
As at 31 March 2021 (RMB'000)						
Share capital	52,241	47,083	52,241	52,241	47,083	52,241
Reserves	931,424	873,320	931,424	275,290	217,186	275,290
Non-controlling interest	20,592	20,592	20,592	–	–	–
	1,004,257	940,995	1,004,257	327,531	264,269	327,531
Treasury shares <sup>(1)</sup>	(12,817)	(12,817)	(76,079)	(12,817)	(12,817)	(76,079)
Total equity	991,440	928,178	928,178	314,714	251,452	251,452
NTA <sup>(2)</sup>	970,848	907,586	907,586	314,714	251,452	251,452
Current assets <sup>(3)</sup>	1,526,975	1,495,344	1,495,344	352,462	352,462	352,462
Current liabilities	677,326	708,957	708,957	333,503	396,765	396,765
Total borrowings <sup>(3)</sup>	10,251	41,882	41,882	–	–	–
Cash and bank balance <sup>(3)</sup>	369,638	338,007	338,007	154	154	154
Profit/(Loss) after tax and Non-controlling interest	276,816	276,816	276,816	47,423	47,423	47,423
Number of shares (excluding treasury shares) as at 31 March 2021 ('000)	512,311	461,080	461,080	512,311	461,080	461,080
Weighted average number of shares (excluding treasury shares) as at 31 March 2021 ('000)	512,311	461,080	461,080	512,311	461,080	461,080
<b>Financial Ratios</b>						
NTA per Share (RMB cents) <sup>(4)</sup>	189.50	196.84	196.84	61.43	54.54	54.54
Gross gearing <sup>(5)</sup>	0.01	0.05	0.05	–	–	–
Current ratio <sup>(6)</sup>	2.25	2.11	2.11	1.06	0.89	0.89
EPS (RMB cents) <sup>(7)</sup>	54.03	60.04	60.04	9.26	10.29	10.29

### Notes:

- (1) "Treasury shares" represents Shares purchased pursuant to the Share Purchase Mandate which were not cancelled.
- (2) "NTA" represents net tangible assets before non-controlling interests.
- (3) Assume that the Share Purchases were financed as to 50% by internal sources of funds and as to 50% by external borrowings.
- (4) "NTA per Share" represents NTA divided by the weighted average number of Shares as at 31 March 2021.
- (5) "Gross gearing" represents total borrowings divided by total equity.
- (6) "Current ratio" represents current assets divided by current liabilities.
- (7) "EPS" represents profit after tax and non-controlling interests for FY2021 respectively divided by the weighted average number of Shares (excluding treasury shares) for FY2021.



## 2.6.2 Off-Market Share Purchases

	Group			Company		
	Before Share Purchases	After Share Purchases	Share Purchases held as Treasury Share	Before Share Purchases	After Share Purchases	Share Purchases held as Treasury Share
As at 31 March 2021 (RMB'000)						
Share capital	52,241	47,083	52,241	52,241	47,083	52,241
Reserves	931,424	864,137	931,424	275,290	208,003	275,290
Non-controlling interest	20,592	20,592	20,592	–	–	–
	1,004,257	931,812	1,004,257	327,531	255,086	327,531
Treasury shares <sup>(1)</sup>	(12,817)	(12,817)	(85,262)	(12,817)	(12,817)	(85,262)
Total equity	991,440	918,995	918,995	314,714	242,269	242,269
NTA <sup>(2)</sup>	970,848	898,403	898,403	314,714	242,269	242,269
Current assets <sup>(3)</sup>	1,526,975	1,490,753	1,490,753	352,462	352,462	352,462
Current liabilities	677,326	713,549	713,549	333,503	405,948	405,948
Total borrowings <sup>(3)</sup>	10,251	46,474	46,474	–	–	–
Cash and bank balance <sup>(3)</sup>	369,638	333,416	333,416	154	154	154
Profit/(Loss) after tax and Non-controlling interest	276,816	276,816	276,816	47,423	47,423	47,423
Number of shares (excluding treasury shares) as at 31 March 2021 ('000)	512,311	461,080	461,080	512,311	461,080	461,080
Weighted average number of shares (excluding treasury shares) as at 31 March 2021 ('000)	512,311	461,080	461,080	512,311	461,080	461,080
<b>Financial Ratios</b>						
NTA per Share (RMB cents) <sup>(4)</sup>	189.50	194.85	194.85	61.43	52.54	52.54
Gross gearing <sup>(5)</sup>	0.01	0.05	0.05	–	–	–
Current ratio <sup>(6)</sup>	2.25	2.09	2.09	1.06	0.87	0.87
EPS (RMB cents) <sup>(7)</sup>	54.03	60.04	60.04	9.26	10.29	10.29

### Notes:

- (1) "Treasury shares" represents Shares purchased pursuant to the Share Purchase Mandate which were not cancelled.
- (2) "NTA" represents net tangible assets before non-controlling interests.
- (3) Assume that the Share Purchases were financed as to 50% by internal sources of funds and as to 50% by external borrowings.
- (4) "NTA per Share" represents NTA divided by the weighted average number of Shares as at 31 March 2021.
- (5) "Gross gearing" represents total borrowings divided by total equity.
- (6) "Current ratio" represents current assets divided by current liabilities.
- (7) "EPS" represents profit after tax and non-controlling interests for FY2021 respectively divided by the weighted average number of Shares (excluding treasury shares) for FY2021.

**The financial effects set out above are for illustrative purposes only. Although the Share Purchase Mandate would authorise the Company to purchase up to 10% of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or be able to purchase the entire 10% of the issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the purchased Shares or hold all or part of the purchased Shares in treasury.**

## **2.7 Take-over Implications under the Take-over Code**

The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

### **2.7.1 Obligation to make a Take-over Offer**

Pursuant to the Take-over Code, an increase of a Shareholder's proportionate interest in the voting rights of the Company resulting from a Share Purchase by the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**Rule 14**").

If such increase results in a change of control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14.

Under Rule 14, a Shareholder and persons acting in concert with such Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company's voting rights, increase their voting rights in the Company by more than 1% in any period of six (6) months.

### **2.7.2 Persons Acting in Concert**

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons will, *inter alia*, be presumed to be acting in concert, namely:

- (a) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated companies of the above companies, any company whose associated companies include any of the above companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above companies for the purchase of voting rights;
- (b) a company with any of its directors, together with their close relatives, related trusts and any companies controlled by any of the directors, their close relatives and related trusts;
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser;
- (f) directors of a company, together with their close relatives, related trusts and companies controlled by any such directors, their close relatives and related trusts, which is subject to an offer or where they have reason to believe a bona fide offer for their company may be imminent;

- (g) partners; and
- (h) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to the instructions of the individual, companies controlled by any of the above persons and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

The circumstances under which Shareholders (including the Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 as a result of a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

Based on the shareholdings of the Directors and their concert parties in the Company as at the Latest Practicable Date, none of the Directors will become obligated to make a mandatory offer by reason only of the purchase or acquisition by the Company of the maximum limit of 10% of the issued Shares pursuant to the Share Purchase Mandate.

The Directors are not aware of any Shareholder or group of Shareholders acting in concert who may become obligated to make a mandatory offer in the event that the Directors exercise their power to purchase Shares pursuant to the Share Purchase Mandate.

**Shareholders who are in doubt as to their obligations, if any, to make a mandatory takeover offer under the Take-over Code as a result of Share Purchases by the Company are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity.**

## 2.8 Taxation

**Shareholders who are in doubt as to their respective tax positions or any such tax implications as a result of Share Purchases made by the Company or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisors.**

## 2.9 Listing Manual

2.9.1 A listed company must ensure that at least 10% of any class of its listed securities must be held by public shareholders. As at the Latest Practicable Date, 183,156,930 Shares representing approximately 35.75% of the issued share capital of the Company are held in the hands of the public. Assuming that the Company purchased the maximum of 10% of its issued share capital as at the Latest Practicable Date from members of the public by way of On-Market Share Purchases, the percentage of Shares held by the public would be approximately 28.61%.

Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake Share Purchases through On-Market Share Purchases up to the 10% limit pursuant to the Share Purchase Mandate without adversely affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to adversely affect orderly trading.

2.9.2 The Listing Manual specifies that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m.:

- (a) in the case of an On-Market Share Purchase, on the Market Day following the day of purchase of any of its Shares; and
- (b) in the case of an Off-Market Share Purchase under an equal access scheme, on the second Market Day after the close of acceptances of the offer.

Such announcement shall include, *inter alia*, details of the total number of shares authorised for purchase, the date of purchase, the total number of shares purchased, the number of shares cancelled or kept as treasury shares, the purchase price per share or the highest price and lowest price paid per share (as applicable), the total consideration (including stamp duties and clearing charges) paid for the shares and the number of issued shares after purchase, in the form prescribed under the Listing Manual.

While the Listing Manual does not expressly prohibit any purchase or acquisition by a listed company of its own shares during any particular time or times, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after any matter or development of a price sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board of Directors until such price sensitive information has been publicly announced. In particular, the Company will not purchase or acquire any Shares during the period:

- (i) in so far as the Company does not announce its quarterly financial statements, one (1) month immediately preceding, and including the date of, the announcement of the Company's half-year and full year financial statements; and
- (ii) in so far as the Company announces its quarterly financial statements (whether required by the SGX-ST or otherwise), two (2) weeks immediately preceding, and including the date of, the announcement of the Company's financial statements for each of the first three quarters of its financial year, and one (1) month immediately preceding, and including the date of, the announcement of the Company's full year financial statements.

## 2.10 No Share Purchases in the Previous 12 Months

The Company has not purchased any Shares during the 12-month period preceding the Latest Practicable Date.

## 3. INTERESTS OF THE DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

The interests of the Directors and Substantial Shareholders in the capital of the Company as recorded in the Register of Directors' Shareholdings and Register of Substantial Shareholders of the Company as at the Latest Practicable Date are as follows:-

	Direct Interest		Deemed Interest	
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>
<b>Director</b>				
Wang Cuiping	689,900	0.13	–	–
<b>Substantial Shareholders (other than Directors)</b>				
Wong Lam Ping <sup>(2)(3)</sup>	26,020,894	5.07	302,443,300	59.04
Extra Good Enterprises Limited <sup>(2)</sup>	288,000,000	56.22	–	–
Chan Heung Ling <sup>(2)</sup>	14,443,300	2.82	314,020,894	61.29

### Notes:

- (1) Percentage is calculated based on 512,311,024 Shares (excluding treasury shares and subsidiary holdings) as at Latest Practicable Date and are rounded to the nearest two (2) decimal places.
- (2) 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 ("**Extra Good**") respectively. As such, both are deemed to be interested in the Shares held by Extra Good in the capital of the Company. As Mr Wong Lam Ping and Ms Chan Heung Ling are husband and wife, they are deemed to be interested in the Shares held by each other. Extra Good held 288,000,000 shares through RHB Securities Singapore Pte Ltd.
- (3) Mr Wong Lam Ping held 5,068,700 shares through Phillip Securities Pte Ltd.

#### **4. APPROVALS AND RESOLUTIONS**

Shareholders' approval for the proposed renewal of the Share Purchase Mandate is sought at the forthcoming AGM. The resolution relating to the proposed renewal of the Share Purchase Mandate is contained in the Notice of AGM as Ordinary Resolution 10.

#### **5. DIRECTORS' RECOMMENDATION**

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company and they recommend that Shareholders vote in favour of Ordinary Resolution 10 as set out in the Notice of AGM.

#### **6. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Addendum and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Addendum constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this Addendum misleading. Where information in this Addendum has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Addendum in its proper form and context.

#### **7. INSPECTION OF DOCUMENTS**

The following documents are available for inspection at the office of the Company's Singapore Share Transfer Agent, B.A.C.S. Private Limited, at 8 Robinson Road #03-00 ASO Building Singapore 048544, during normal business hours from the date of this Addendum up to and including the date of the AGM:—

- (a) the existing Memorandum of Association and Bye-laws; and
- (b) the Annual Report of the Company for the financial year ended 31 March 2021.

However, as a result of the movement restrictions pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020, access to the abovementioned premises may be restricted during this period. In this regard, please email: [panhong@pan-hong.com](mailto:panhong@pan-hong.com) if you would like to inspect the above documents so that necessary arrangements can be made.

This Addendum and the Annual Report for FY2021 are also available on the home page of the Company's corporate website ([www.pan-hong.com](http://www.pan-hong.com)) and SGXNET.

Yours faithfully  
For and on behalf of the Board of Directors of  
**PAN HONG HOLDINGS GROUP LIMITED**

**Wong Sum**  
Executive Chairman