

PAN HONG HOLDINGS GROUP LIMITED

(Incorporated in Bermuda)

(Co. Reg. No: 37749)

MINUTES OF ANNUAL GENERAL MEETING

PLACE	:	Via “Live” webcast
DATE	:	Thursday, 28 July 2022
TIME	:	10.00 a.m.
PRESENT	:	As set out in the webcast attendance records maintained by the Company
IN ATTENDANCE	:	As set out in the webcast attendance records maintained by the Company
CHAIRMAN	:	Mr Wong Sum
CHAIRMAN OF MEETING	:	Mr Sim Wee Leong

INTRODUCTION

Mr Sim Wee Leong (“**Mr Sim**”), the Lead Independent Director, was appointed as the Chairman of the Meeting. He welcomed the shareholders and all those who are present at the Company’s Annual General Meeting (“**AGM**” or “**Meeting**”).

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 (“**ACRA**”), the Monetary Authority of Singapore (“**MAS**”) and Singapore Exchange Regulation on 13 April 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 from time to time) and Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation jointly issued by the ACRA, the MAS and Singapore Exchange Regulation on 1 October 2020 and last updated on 4 February 2022 to provide that the 16 December 2021 Regulator’s Column will form part of the Checklist (“**Updated Checklist**”), the AGM of the Company was held by way of electronic means and members of the Company were not allowed to attend the AGM in person.

QUORUM

Pursuant to the Guidance, the share transfer agent of the Company, B.A.C.S. Private Limited, had verified that at least 2 shareholders of the Company had attended the Meeting via live webcast. As a quorum of at least 2 shareholders were electronically present at the Meeting, Mr Sim declared the Meeting open and introduced the Directors, Management and Auditors present. The Group Financial Controller and Joint Company Secretary, Joint External Auditors, BDO Limited and BDO LLP, and the other Joint Company Secretary were also present via the live webcast.

NOTICE

The Notice convening the AGM and the addendum dated 12 July 2022 in relation to the proposed renewal of share purchase mandate (the “**Addendum**”) had been circulated to the shareholders.

The Notice convening the AGM was taken as read.

VOTING BY WAY OF POLL

As the live webcast would not provide for online voting, it was noted that a member (whether individual or corporate) who had wished to exercise his/her/its voting rights at the Meeting should have appointed 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 have given 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 would be treated as invalid.

The Proxy Form was not valid for use by investors holding shares through a relevant intermediary (as defined in Section 181 of the Companies Act 1967 of Singapore) (“**Investor**”) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wished to vote should have approached his/her relevant intermediary as soon as possible to specify his/her voting instructions. A Central Provident Fund (“**CPF**”)/Supplementary Retirement Scheme (“**SRS**”) investor who wished to vote should have approached his/her CPF Agent Bank or SRS Operator at least 7 working days before the date of the AGM (i.e. by 5.00 p.m. on 18 July 2022) to submit his/her voting instructions.

The Meeting was informed that the Chairman of the Meeting had been appointed as proxy on behalf of the shareholders and had voted in accordance with their instructions. All resolutions at the Meeting had been voted on by way of a poll, which complies with the requirement of the listing manual of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) that all listed companies have to conduct voting by poll for all general meetings.

It was noted that B.A.C.S Private Limited and Finova BPO Pte. Ltd. had been appointed as Polling Agent and Scrutineer respectively. The Scrutineer had checked the validity of the proxy forms received and prepared a report on the poll results which would be announced after each motion has been formally proposed at the Meeting.

QUESTIONS AND ANSWERS

The Meeting noted that the Company had addressed the substantial and relevant questions relating to the resolutions to be tabled for approval at the AGM or the Company’s businesses and operations submitted by shareholders ahead of the AGM no later than 10.00 a.m. on 20 July 2022 by publishing its responses to such questions on the Company’s corporate website and on Singapore Exchange Securities Trading Limited via SGXNET on 23 July 2022 (i.e. at least 48 hours prior to the closing date and time for the lodgement of the Proxy Forms) (“**Responses to Q&A**”). A copy of the Responses to Q&A is annexed to these minutes as Appendix I.

The Chairman of the Meeting then proceeded with the agenda of the Meeting.

ORDINARY BUSINESS:

AUDITED FINANCIAL STATEMENTS AND REPORTS OF DIRECTORS AND INDEPENDENT JOINT AUDITORS – RESOLUTION 1

The Meeting proceeded to receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 March 2022 and the Independent Joint Auditors' Report thereon.

Following the proposal of the motion for Resolution 1 by the Chairman of the Meeting, the following results of the poll verified by the Scrutineer:

	Votes	%
No. of shares for:	328,572,394	99.99
No. of shares against:	17,500	0.01

Based on the results of the poll, the Chairman of the Meeting declared the motion carried and it was RESOLVED:

“THAT the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 March 2022 together with the Auditors' Report be received and adopted.”

DIRECTORS' FEES – RESOLUTION 2

The Board had recommended the payment of Directors' fees of S\$127,050 for the financial year ending 31 March 2023, to be paid quarterly in arrears.

Following the proposal of the motion for Resolution 2 by the Chairman of the Meeting, the following results of the poll verified by the Scrutineer:

	Votes	%
No. of shares for:	328,572,394	99.99
No. of shares against:	17,500	0.01

Based on the results of the poll, the Chairman of the Meeting declared the motion carried and it was RESOLVED:

“THAT the Directors' fees of S\$127,050 for the financial year ending 31 March 2023 payable quarterly in arrears, be approved.”

RE-APPOINTMENT OF AUDITORS – RESOLUTION 3

The Meeting was informed that the retiring auditors, Messrs BDO Limited, Certified Public Accountants, Hong Kong and Messrs BDO LLP, Public Accountants and Chartered Accountants, Singapore, had expressed their willingness to continue in office.

Following the proposal of the motion for Resolution 3 by the Chairman of the Meeting, the following results of the poll verified by the Scrutineer:

	Votes	%
No. of shares for:	328,572,394	99.99
No. of shares against:	17,500	0.01

Based on the results of the poll, the Chairman of the Meeting declared the motion carried and it was RESOLVED:

“THAT Messrs BDO Limited, Certified Public Accountants, Hong Kong and Messrs BDO LLP, Public Accountants and Chartered Accountants, Singapore, be and are hereby re-appointed as Auditors of the Company at a remuneration to be determined by the Directors.”

ANY OTHER BUSINESS

As no notice of any other ordinary business was received by the Secretary, the Chairman of the Meeting proceeded to deal with the special business of the Meeting.

SPECIAL BUSINESS:

SHARE ISSUE MANDATE – RESOLUTION 4

Resolution 4 is to authorise the Directors to allot and issue shares pursuant to Rule 806 of the Listing Manual of the SGX-ST.

The Meeting noted the text of the resolution set out under item 5 in the Notice of AGM on pages 123 and 124 of the Annual Report.

Following the proposal of the motion for Resolution 4 by the Chairman of the Meeting, the following results of the poll verified by the Scrutineer:

	Votes	%
No. of shares for:	327,320,794	99.61
No. of shares against:	1,269,100	0.39

Based on the results of the poll, the Chairman of the Meeting declared the motion carried and it was RESOLVED:

“THAT pursuant to Rule 806 of the Listing Manual of the SGX-ST, authority be given to the Directors of the Company to issue shares (“**Shares**”) whether by way of rights, bonus or otherwise, and/or make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares at any time and upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit provided that:

- (a) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty percent (20%) of the total number of issued shares (excluding treasury shares and

subsidiary holdings) in the capital of the Company;

- (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under subparagraph (a) above, the percentage of issued shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date of the passing of this Resolution, after adjusting for:
- (i) new shares arising from the conversion or exercise of convertible securities which were issued and are outstanding or subsisting at the time of the passing of this Resolution;
 - (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."

THE PROPOSED RENEWAL OF SHARE PURCHASE MANDATE – RESOLUTION 5

Resolution 5 is to seek Shareholders' approval of the proposed renewal of the Share Purchase Mandate.

The Meeting noted that the text of the resolution is set out under item 6 in the Notice of AGM on pages 124 and 125 of the Annual Report. The rationale, authority and limitation, sources of funds to be used included the amount of financing and the financial effects of the purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate were set out in greater details in the Addendum.

Following the proposal of the motion for Resolution 5 by the Chairman of the Meeting, the following results of the poll verified by the Scrutineer:

	Votes	%
No. of shares for:	328,542,394	99.99
No. of shares against:	47,500	0.01

Based on the results of the poll, the Chairman of the Meeting declared the motion carried and it was RESOLVED:

“THAT:

- (a) the Company be and is hereby authorised to purchase or otherwise acquire issued and paid up Shares not exceeding in aggregate the Maximum Limit (as hereinafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:–
 - (i) on-market purchases (each an “**On-Market Share Purchase**”) on the SGX-ST; and/or
 - (ii) off-market purchases (each an “**Off-Market Share Purchase**”) effected in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time, and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, and the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire Shares in the foregoing manner be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);
- (b) unless varied or revoked by 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

- (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.”

CONCLUSION

There being no other business to transact, the Chairman of the Meeting declared the AGM of the Company closed at 10.15 a.m. and thanked everyone for their attendance.

Confirmed as True Record of Proceedings Held

Sim Wee Leong
Chairman of the Meeting

PAN HONG HOLDINGS GROUP LIMITED

(Incorporated in Bermuda)
(Registration Number: 37749)



RESPONSES TO QUESTIONS FROM SHAREHOLDERS ON THE COMPANY'S ANNUAL REPORT FOR FINANCIAL YEAR ENDED 31 MARCH 2022

The Board of Directors (“**Board**”) of Pan Hong Holdings Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”), refers to questions raised by shareholders no later than 10.00 a.m. on 20 July 2022 in relation to the Company’s annual report for the financial year ended 31 March 2022 (“**Annual Report 2022**”).

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

Dividend:

Q1. Rationale for suspension of final dividend payment for the year ended 31 March 2022 (“**FY2022**”).

The form, frequency and amount of dividends declared each year (if any) 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.

With reference to the Chairman’s Statement in the Annual Report 2022, the overall business environment of the real estate sector in the People’s Republic of China (“**PRC**”) is expected to remain challenging in the short to medium term due to the weakened investment appetite of potential property buyers.

Thus, the Board had decided not to declare a final dividend for FY2022 in order to conserve cash for business operations and future developments, and is of the view that it is in the best interest of the Company as well as its shareholders.

Future development:

Q2&3. What is the Company’s future plan? With many reports citing that PRC’s real estate market has entered “a new stage of growth” Can the group comment on the prospects of its projects going forward? What are the trends currently shaping the market? How is the group positioned to take advantage of these trends?

The real estate market in the PRC comes under a national policy of “houses are for living in, not for speculation”. With the introduction of deleveraging requirements, mortgage concentration management and concentrated land supply auctions, property developers have been operating under challenging conditions while market confidence as well as property prices declined during recent quarters.

The investment appetite of potential property buyers is expected to remain weak in the short to medium term in the wake of financial instabilities of some large highly leveraged developers domestically as well as growing concerns with global economic prospects and market risks.

In light of the above various PRC cities have started implementing stimulating or relieving measures to support the market, including a decrease in interest rates for first-time buyers, reduction of down payment proportions, and withdrawal of purchase limits

As the Group's projects are primarily located and positioned to satisfy the needs of home buyers who are owner occupiers, it is cautiously optimistic that core housing demand will improve when the abovementioned measures take effect and market confidence is gradually restored.

As at 31 March 2022, the Group had land bank with total planned saleable gross floor area of 403,982 sq. m. in Huzhou and Shanwei in the PRC. The Group will continue to develop and deliver these projects with superior quality through innovative design and high standard of quality control.

Taking into consideration its management expertise, financial position and relevant industry prospects, the Group will also carefully assess and filter investment opportunities for both its core property development business as well as other potential business growth areas.

- Q4. Is the management looking to cut back on longer-dated projects so as to conserve cash in view of the slowdown in the housing market as well as record unsold inventories?

In view of the current market conditions, the Group is taking a more cautious approach when assessing investment opportunities for longer-dated projects.

- Q5. The group has reported a net loss for 2H'22 owing to the sharply declining pre-sales from the Run Ze Yuan project (4 units sold through 2H). Is the group implementing cost-cutting measures to conserve cash? Is the group considering selling out units in the Run Ze Yuan project at a lower average price? Can the group also help shareholders understand the current burn rate for the company as well as the required units sold to break even in cash flows?

The Group's revenue is recognised in accordance with requirements of the relevant International Financial Reporting Standards ("IFRSs"), i.e. at the time when customers obtain control of the properties which is also when the properties are delivered and have been accepted. Therefore, pre-sale performance may not translate directly into the Group's revenue and profit in the same financial year when the properties have yet to be completed and delivered to customers.

During the slower years, the Group will normally look into the reduction of year-end bonuses and slowing the pace of staff recruitment.

To boost the pre-sale of Run Ze Yuan Project while maintaining certain profit margin, the Group has adopted a dynamic discount policy of mild-to-medium degree since June 2022, which mainly depends on the superiority or marketability of certain property units, the ratio of down payment made by the customers and the real-time pre-sale performance.

In mid-July 2022, the district government of which Run Ze Yuan Project is located had initiated a "Property Coupon Scheme" with the local enterprises and property developers collectively to subsidise the local labour group on purchase of properties in the district. The Group will participate in this scheme and foresees that this scheme would serve as an incentive for the recovery of investment appetite of potential property buyers.

The burn rate and cash flow breakeven point are affected by a complex set of factors, including but not limited to:

- Number and scale of projects (or phases) currently under construction
- Pace of construction of projects and progress payments which the Group possesses a certain degree of control
- Pace of units pre-sold which are expected to be sensitive to the potential buyers' investment appetite and degree of discount
- Amount of down payments received
- Timing for the banks to release mortgage loans made by the customers to the Group
- Availability of external financing

Since some of the factors mentioned above are dynamic and inter-conditional, it would be difficult or possibly misleading for the Group to state any exact figure in a static point of time.

Nevertheless, the Group's practice is to monitor closely the above factors and take necessary measures to ensure that all financial obligations are fulfilled as and when they fall due.

- Q6. Is the group considering write-downs on the value of real estate held on the books to accurately reflect the current market situation?

As at 31 March 2022, the Group had properties held under development and properties held for sale of RMB573,593,000 and RMB187,142,000 respectively.

According to the Group's accounting policies, which are consistent with requirements stated in relevant IFRSs:

- 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.
- 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.

In view of the above, the value of real estate held in the audited financial statements of the Group reflects the market situation at each reporting date.

- Q7. In view of the current market conditions, does the group consider M&As of troubled developers to be a more strategic deployment of capital instead of working on new projects?

Currently the Group has no plan to acquire or merge with any other property developers. However, the Group will carefully consider appropriate investment opportunities associated with other developers if and when they arise.

By Order of the Board

Wong Sum
Executive Chairman
23 July 2022