

Issuer: Pan Hong Holdings Group Limited

Security: Pan Hong Holdings Group Limited

Meeting details:

Date: 28 July 2017

Time: 10.00 a.m.

Venue: Marie II room, Level 1, York Hotel, 21 Mount Elizabeth, Singapore 228516

Company Description

Pan Hong Holdings Group Limited, an investment holding company, engages in the investment and development of residential and commercial properties in the People's Republic of China. It is also involved in interior and exterior decoration, and furnishing activities; information technology development; and wholesales and household products related activities. The company was formerly known as Pan Hong Property Group Limited and changed its name to Pan Hong Holdings Group Limited in September 2015. The company was incorporated in 2005 and is headquartered in Hunghom, Hong Kong.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=P36)

Q1. In the Chairman’s Statement (page 9 of the annual report), it was disclosed that the group has incorporated a new subsidiary with Zhejiang University of Technology Assets Operation Limited (浙江工業大學資產經營有限公司) and Irvine Pharmaceutical Services, Inc. to enter into the pharmaceutical inspection industry.

- a) **Can management help shareholders understand why they had picked a niche such as the pharmaceutical inspection industry as the group’s diversification efforts? What are the feasibility studies done? What expertise are there in the group to carry out this new business?**
- b) As disclosed in the announcement dated 17 February 2017, Zhejiang IPS Pharmaceutical Technology Co. Ltd. (浙江美測醫藥科技有限公司) (“Zhejiang IPS”), was incorporated in the PRC with a registered capital of RMB60.0 million. **How does the group intend to fund this new business? How much is the group prepared to invest in this new business?**
- c) **Could the company also provide more information about its partner, Irvine Pharmaceutical Services, Inc. (“Irvine”)? Has Irvine undergone any corporate restructuring lately? If so, has Zhejiang IPS been affected by the change in corporate structure of Irvine?**

Q2. Shareholders would like to find out more about the progress of the group’s projects and land bank. Specifically:

- a) Nanchang Sino Harbour Kaixuan City Zone 2 (Townhouses): The percentage of pre-sold units of the townhouses is 54% (page 11). **Can management help shareholders understand if there are particular reasons that the demand for townhouses are weaker than that of high-rise/low-rise apartments? Is the average selling price of a townhouse much higher than that of a typical apartment in Zone 1 or Zone 3? Is management confident of selling out Zone 2?**
- b) Pan Hong Run Yuan Phase 2: In the announcement dated 28 June 2017, the company announced that 112 out of the 126 units that were launched in the first batch of residential units had received non-refundable deposit. **What is the schedule for pre-sale launches for the rest of the units?**
- c) Han Zhi Yun Commercial Centre: **When will the group launch this for pre-sale given that the completion is estimated to be in Q4 CY2018?**
- d) **For the balance of the properties held for future development of 2,536,016 sq. metres, can management provide a breakdown of the land bank by province and by city?**

Q3. All the Independent Directors, namely, Dr. Choo Kian Koon, Mr. Sim Wee Leong and Dr. Zheng Haibin were first appointed to the board on 14 August 2006 and have served on the board beyond nine years from the date of their first appointment.

The Nominating Committee (comprises Choo Kian Koon (as chairman), Sim Wee Leong and Wong Lam Ping) has conducted a rigorous review of the independence of each of the long tenured directors.

As disclosed in the Corporate Governance Report, 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” (page 28).

Notwithstanding the board’s view, Guideline 2.4 of the Code of Corporate Governance 2012 calls for the board to “also take into account the need for progressive refreshing of the Board”.

- a) **Can the board provide more detail on its plans to ensure the progressive refreshing of the board?**
- b) **Please also disclose the company’s search and nomination process for new independent directors.**

Furthermore, can the remuneration committee also explain why Ms. Chan Heung Ling and Mr. Wong Lui received remuneration of “Below S\$300,000 and above S\$250,000” and “Below S\$200,000 and above S\$150,000” respectively? The disclosure on page 34 of the annual report is reproduced below.

	Name of Immediate Family Member
Below S\$300,000 and above S\$250,000	*Ms. Chan Heung Ling (spouse of Mr. Wong Lam Ping, the Executive Chairman and CEO)
Below S\$200,000 and above S\$150,000	Mr. Wong Lui (Son of Mr. Wong Lam Ping, the Executive Chairman and CEO)

* Ms. Chan Heung Ling, the spouse of Mr. Wong Lam Ping, received remuneration as an employee of the Group for the financial year ended 31 March 2017 and is not considered a key management personnel of the Group.

(Source: Company annual report)

The top 4 key management personnel of the group all earned “S\$250,000 and below” and the “aggregate remuneration paid to the top 4 key management personnel is approximately S\$217,271” (page 34).

Can the company disclose the roles and responsibilities of Ms. Chan and Mr. Wong’s? Can the remuneration committee help shareholders reconcile the differences in the level of remuneration?