

PAN HONG PROPERTY GROUP LIMITED

(Incorporated in Bermuda)
(Registration Number: 37749)



汎港地產集團
PAN HONG PROPERTY GROUP

FURTHER INFORMATION ON THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

The Board of Directors (“**Board**”) of Pan Property Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company’s annual report for the financial year ended 31 March 2013 (“AR2013”).

The Singapore Exchange Securities Trading Limited (“SGX-ST”) has on 18 July 2013 requested the Company to provide further information in respect of its AR2013 (the “**Query**”). The Query from the SGX-ST and the Company’s corresponding answers are set out below:-

Question

Listing Rule 712 requires an issuer to appoint a suitable auditing firm to meet its audit obligations, having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm’s other audit engagements, the size and complexity of the listed group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit. The audit firm appointed by the issuer must be registered with ACRA, registered with and/or regulated by an independent audit oversight body acceptable to the Exchange or any other auditing firm acceptable by the Exchange. As BDO Limited, Hong Kong does not satisfy the requirements under Listing Rule 712, the Company has appointed BDO LLP as joint auditors for the purpose of compliance with Listing Rule 712.

It is disclosed on page 102 of the Annual Report that the financial statements of all the subsidiaries of the Group were audited by BDO Limited, Hong Kong, for statutory purposes and/or for the purpose of the Group consolidation of the Company. In this respect, please explain the role of BDO LLP in the audit of the Group’s financial statements and how the appointment of BDO LLP has complied with the objective and spirit of Listing Rule 712.

Answer

In performing their roles as joint auditors of the Company, BDO Limited, Hong Kong (“BDO HK”) and BDO LLP, Singapore (“BDO SG”) had worked together from the pre-planning, planning and fieldwork to completion of the audit of the Company in compliance with the Audit Guidance Statement 10 Joint Audits (“AGS 10”) issued by the Council of the Institute of Singapore Chartered Accountants (formerly known as Institute of Certified Public Accountants of Singapore) in December 2012.

Pursuant to AGS 10, the joint auditors would have to apply the same auditing principles and guidance as they are jointly and severally responsible for the audit and for the audit opinion expressed on the financial statements. As the joint audit arrangement involves BDO HK, an overseas joint auditor, BDO SG has worked with BDO HK such that the joint audit complies with the requirements of AGS 10. AGS 10 also stipulates that, *inter alia*, joint auditors are to agree in writing on the distribution of work to be performed and ensure that the respective work allocation covers all the audited entity’s significant components of the financial statements. Additionally, as the joint auditors of the Company, BDO SG and BDO HK had worked together to jointly express their opinion as to whether the financial statements give a true and fair view of its financial position and have been prepared in accordance with the International Financial Reporting Standards. Furthermore, BDO SG has reviewed the audit working papers of significant components audited by BDO HK and ensured compliance with

International Standard on Auditing 600 Special Considerations – Audits of Group Financial Statements (Including the Work of Component Auditors).

In considering the appointment of the joint auditors, the Audit Committee had taken into account the joint auditors' adequacy of resources, experience and audit engagements in view of the Group's operations, the number of supervisory and professional staff assigned to the audit of the Group and their audit arrangements for the Group. Accordingly, after considering the above mentioned factors, the Company is of the view that the appointment of BDO SG to act jointly with BDO HK as Auditors has enabled the Company to meet the objective and spirit of Rule 712 of the Listing Manual of SGX-ST.

By Order of the Board

Wong Lam Ping
Executive Chairman
22 July 2013