

PAN HONG HOLDINGS GROUP LIMITED

(Incorporated in Bermuda)
(Registration Number: 37749)



MATERIAL UNCERTAINTY RELATED TO GOING CONCERN FOR THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Board of Directors (the “**Board**”) of Pan Hong Holdings Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s Independent Joint Auditors, BDO LLP and BDO Limited (the “**Joint Auditors**”), have in its Independent Joint Auditors’ Report dated 30 June 2025 (the “**Independent Joint Auditors’ Report**”), included an unmodified opinion with Material Uncertainty Related to Going Concern for the Group’s audited financial statements for the financial year ended 31 March 2025 (“**FY2025**”).

The Independent Joint Auditors’ Report together with an extract of the relevant notes to the financial statements of FY2025, are attached to this announcement as Appendix 1 and Appendix 2 respectively, for shareholders’ reference. Please refer to Note 3.1 in Appendix 2 for the Board’s basis on the going concern assumption. The Joint Auditors’ Opinion and the section relating to Material Uncertainty Related to Going Concern, as extracted from the Independent Joint Auditors’ Report are set out in italics below:

“Opinion

We have audited the financial statements of Pan Hong Holdings Group Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 71 to 119, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2025;*
- 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 material accounting policy information.*

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 2025, 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 IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”).”

“Material Uncertainty Related to Going Concern

We draw attention to Note 3.1 in the consolidated financial statements, which indicates that as at 31 March 2025, the Group had accruals and other payables amounting to approximately RMB375.4 million, current tax liabilities amounting to approximately RMB73.9 million, amounts due to related parties amounting to approximately RMB87.4 million, and current portion of bank and other loans

amounting to approximately RMB60.1 million, which were repayable within one year from the end of the reporting period, while the Group had cash and bank balances amounting to approximately RMB29.5 million only. These conditions, along with other matters set forth in note 3.1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

CAUTIONARY STATEMENT

The Board confirms that to the best of its knowledge and belief, all material and sufficient information has been disclosed and announced for trading of the Company's shares to continue in an orderly manner and confirms that all material disclosures have been provided for trading of the Company's shares to continue.

Shareholders and potential investors of the Company are advised to read this announcement in conjunction with the Independent Joint Auditors' Report and the audited financial statements which are included in the Company's Annual Report for FY2025, which will be released on the SGXNet in due course, in their entirety.

In the meantime, the Board wishes to advise shareholders of the Company and investors to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Wong Sum
Executive Chairman

4 July 2025

INDEPENDENT JOINT AUDITORS' REPORT



TO THE SHAREHOLDERS OF PAN HONG HOLDINGS GROUP LIMITED 汎港控股集團有限公司
(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 71 to 119, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2025;
- 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 material accounting policy information.

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 2025, 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 IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

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.

Material Uncertainty Related to Going Concern

We draw attention to Note 3.1 in the consolidated financial statements, which indicates that as at 31 March 2025, the Group had accruals and other payables amounting to approximately RMB375.4 million, current tax liabilities amounting to approximately RMB73.9 million, amounts due to related parties amounting to approximately RMB87.4 million, and current portion of bank and other loans amounting to approximately RMB60.1 million, which were repayable within one year from the end of the reporting period, while the Group had cash and bank balances amounting to approximately RMB29.5 million only. These conditions, along with other matters set forth in note 3.1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in "Material Uncertainty Related to Going Concern" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT JOINT AUDITORS' REPORT

Key Audit Matters (Continued)

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 approximately RMB940.3 million and properties held under development of approximately RMB753.5 million together represent 87.3% of total assets on the consolidated statement of financial position as at 31 March 2025.

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 net realisable value of these properties held for sale is critically dependent upon the Group's estimation of future selling prices with reference to the recent transacted prices of these properties. While for properties under development, management engaged an independent valuer to determine the net realisable value with reference to comparable land prices (direct comparison approach).

We have determined the assessment of net realisable value of properties held for sale and properties held under development to be a key audit matter due to significant attention and efforts placed in assessing the reasonableness of management estimation and judgement as well as the significance of the carrying amount of the above-mentioned assets to the overall financial statements of the Group.

Related disclosures

Refer to notes 3.6, 3.7, 4.1, 18 and 19 to the consolidated financial statements

Audit responses

Our audit procedures included:

- Discussed with management to obtain an understanding of the basis of the management's assessment on net realisable values of properties held for sale and properties held under development and written down of properties held for sale for the year;
- Assessed 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;
- Assessed 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 these properties; and
- For properties held under development, reviewed the valuation report from the professional valuer and assessed the reasonableness of the underlying key assumptions used.

Other Information

The directors are responsible for the other information. The other information comprises all the information included in the Company's 2025 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.

INDEPENDENT JOINT AUDITORS' REPORT

Responsibilities of Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards, 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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.
- 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT JOINT AUDITORS' REPORT

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

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 William Ng Wee Liang from BDO LLP, and Cheung Or Ping from BDO Limited.

BDO LLP

Public Accountants and Chartered Accountants
Singapore
30 June 2025

BDO Limited

Certified Public Accountants
Hong Kong
30 June 2025

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information 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 IFRS Accounting Standards and the impacts on the Group's financial statements, if any, are disclosed in note 2.

3.1 Basis of preparation and going concern assumption

The financial statements have been prepared under the historical cost basis, except for investment properties, 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 material to the financial statements are disclosed in note 4 to the financial statements.

As at 31 March 2025, the Group had accruals and other payables amounting to approximately RMB375.4 million, current tax liabilities amounting to approximately RMB73.9 million, amounts due to related parties amounting to approximately RMB87.4 million, and current portion of bank and other loans amounting to approximately RMB60.1 million, which were repayable within one year from the end of the reporting period. At the same date, the Group had cash and bank balances amounting to approximately RMB29.5 million. In addition, the Mainland China property market remained weak during the year ended 31 March 2025 and the situation persists subsequently up to the date of the financial statements, which may affect the outlook of the Group's property sales business and thus, its operating cash flows.

In view of these circumstances, the directors of the Company have carefully considered the Group's cash flow forecast covering a period of twelve months from the end of the reporting period (the "Forecast Period"), after taking into account the past operating performance of the Group and the following:

- The Group will implement a pricing strategy to accelerate property sales to generate operating cash inflows;
- The Group has been in discussions with major constructors and creditors to devise settlement plans that aligns with the liquidity position of the Group based on cash flows forecast. Subsequent to the end of the reporting period, the Group has reached agreements with certain constructors and creditors not to demand settlement of the outstanding amounts of approximately RMB329 million until 30 June 2026;
- The Group has obtained undertakings from the related parties not to demand immediate settlement of the outstanding amounts of approximately RMB87.4 million until such time when repayment will not affect the Group's ability to repay other creditors in the normal course of business;
- The Group has been actively negotiating with existing lenders for the renewal or extension of borrowings until the Group is able to secure sufficient funding for the repayment; and
- The Group will source additional financing to support the development of its property project.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.1 Basis of preparation and going concern assumption (Continued)

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the Forecast Period. Accordingly, the directors of the Company believe it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 March 2025 on a going concern basis.

However, there are inherent uncertainties associated with the outcomes of the aforementioned plans and measures. These indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made in the consolidated financial statements to write down the values of the assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of such adjustments have not been reflected in the consolidated financial statements.

3.2 Basis of consolidation

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 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.

3.3 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.

(i) Revenue from contract with customers

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 are 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 properties to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.