

PAN HONG HOLDINGS GROUP LIMITED

(Incorporated in Bermuda)
(Registration Number: 37749)



ADDITIONAL INFORMATION ON THE HALF-YEAR FINANCIAL STATEMENT ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

The Board of Directors of Pan Hong Holdings Group Limited (the “**Company**”, or together with its subsidiaries the “**Group**”) refers to the Group’s half-year financial statement released to Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 11 November 2020 and would like to provide the following additional information in response to the following queries raised by SGX-ST:

Question 1

We refer to the financial statements for the half-year ended 30 September 2020 announced on 11 November 2020. In the statement of comprehensive income, we noted that revenue nearly doubled in this half compared to its comparative period. Please elaborate further on the reasons for the increase and disclose the number of units of Pan Hong Run He that was transferred in this period compared to the number of units of Pan Hong Run Yuan that was transferred in the comparative period.

Company’s response

The breakdown of revenue for the six months period ended 30 September 2020 and 30 September 2019 (“**1H2021**” and “**1H2020**” respectively), is set out below:

	Six months ended	
	30 September 2020	30 September 2019
Major project	Pan Hong Run He	Pan Hong Run Yuan Phase 2
	(RMB’000)	(RMB’000)
Residential units	1,107,822	502,569
Commercial units and others	54,437	83,779
Total	1,162,259	586,348

The increase in revenue in 1H2021 compared to 1H2020 was mainly due to the higher number of residential units of Pan Hong Run He transferred to the buyers in 1H2021 than those of Pan Hong Run Yuan Phase 2 transferred to the buyers in 1H2020.

There were 1,150 residential units of Pan Hong Run He transferred to buyers in 1H2021 whereas there were 457 residential units of Pan Hong Run Yuan Phase 2 transferred in 1H2020.

As the Group is primarily engaged in property development business, revenue recognition is dependent on the launch of new projects and transfer of control of sold properties.

Question 2

We refer to the statement of financial position.

a) We noted "Structured bank balances" as an additional line item. Please provide details of these structured bank balances and the material terms. Are these balances subject to any restrictions

Company's response

After assessing the short-term future cashflows, the Group placed part of its free cash as structured bank balances in various state-owned banks of the PRC, in order to earn interest higher than ordinary current deposits.

Salient terms of the structured bank balances as at 30 September 2020 are set out below:

Placed in:	State-owned banks of the PRC
Currency:	RMB
Principal:	Protected
Maturity:	Anytime upon request or within 60 days
Interest rate:	Ranged from 2.0% to 3.0% annualised
Restriction:	Part of the balances is redeemable only at maturity date

Information on subsequent settlement:

As at the date of this announcement, the whole balance was mature and returned to the Group together with the interest.

b) We noted a significant decrease in contract liabilities. Please elaborate on what these contract liabilities are and the reason for the significant decrease.

Company's response

Contract liabilities represent advance receipts from buyers for property units which were not yet transferred to the buyers as at 30 September 2020. The significant decrease in contract liabilities was due to the significant amount of revenue recognised in 1H2021 as explained above in answer to Question 1.

Question 3

3) We refer to the statement of cash flow. We noted a capital injection from non-controlling interests ("NCI") of RMB 3,238,000. Please provide details of the capital injection as well as the identity of the NCI.

Company's response

The capital injection of RMB3,238,000 was by Huzhou Rong Le Weaving Technology Co., Limited ("**Huzhou Rong Le**") to Huzhou Delong Real Estate Co., Limited ("**Huzhou Delong**"), a subsidiary of the Group. Huzhou Rong Le holds 12% equity interest in Huzhou Delong.

Both the Group and Huzhou Rong Le have injected share capital in Huzhou Delong in 1H2021 in accordance with their respective shareholding proportion, pursuant to the agreed terms in the shareholders' agreement.

By Order of the Board

Wong Sum
Executive Chairman
25 November 2020