

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 2026

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 2026 (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 2026 (“**FY2026**”).

The Independent Joint Auditors’ Report together with extracts of the relevant notes to the financial statements of FY2026, 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, 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 78 to 128, which comprise:

- *the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2026;*
- *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 2026, 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 the Group recorded a gross loss and a net loss of approximately RMB211.2 million and RMB262.0 million respectively for the year ended 31 March 2026, and as of the date, the Group had accruals and other payables amounting to approximately RMB373.6 million, current tax liabilities amounting to

approximately RMB10.6 million, amounts due to related parties amounting to approximately RMB95.0 million, and current portion of bank and other loans amounting to approximately RMB79.5 million, which were repayable within one year from the end of the reporting period or on demand, while the Group's cash and bank balances amounting to only approximately RMB13.6 million. In addition, the Group was unable to repay the loan principal of a bank loan, with an outstanding amount of RMB24.5 million in accordance with the schedule repayment date, which may result in cross-defaults of other bank loans with aggregate outstanding amount of RMB20.0 million. As stated in Note 3.1, 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 FY2026, 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

1 July 2026

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 78 to 128, which comprise:

- the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2026;
- 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 2026, 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"), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore and the Hong Kong Institute of Certified Public Accountants ("HKICPA") Code of Ethics for Professional Accountants ("HKICPA Code"). We have also 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 the Group recorded a gross loss and a net loss of approximately RMB211.2 million and RMB262.0 million respectively for the year ended 31 March 2026, and as of the date, the Group had accruals and other payables amounting to approximately RMB373.6 million, current tax liabilities amounting to approximately RMB10.6 million, amounts due to related parties amounting to approximately RMB95.0 million, and current portion of bank and other loans amounting to approximately RMB79.5 million, which were repayable within one year from the end of the reporting period or on demand, while the Group's cash and bank balances amounting to only approximately RMB13.6 million. In addition, the Group was unable to repay the loan principal of a bank loan, with an outstanding amount of RMB24.5 million in accordance with the schedule repayment date, which may result in cross-defaults of other bank loans with aggregate outstanding amount of RMB20.0 million. As stated in Note 3.1, 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.

INDEPENDENT JOINT AUDITORS' REPORT

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.

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 RMB582.5 million and properties held under development of RMB731.4 million together represent 89% of total assets on the consolidated statement of financial position as at 31 March 2026.

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 and properties held under development is critically dependent upon the Group's estimation of future selling prices. Management engaged an independent valuer to determine the net realisable value of properties held for sale and properties held under development for approval by the Board.

For properties held for sale, the net realisable value comprises estimated selling price less estimated costs to necessary to make the sale. The estimated selling price is determined by reference to the recent transacted prices of these properties, if available, or prices of comparable properties located in the same vicinity as these properties.

For properties held under development, the net realisable value is determined based on residual method, by taking the projected completed value of the project and subtracting all development costs.

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 and properties held under development for the year;
- Assessed the professional competency of the independent valuer, obtained and reviewed the valuation report from the professional valuer;

INDEPENDENT JOINT AUDITORS' REPORT

Key Audit Matters (Continued)

Assessment of net realisable value of properties held for sale and properties held under development - Continued

Audit responses - Continued

- For properties held for sale,
 - Reviewed the net realisable values of properties held for sale, and challenge the reasonableness and consistency of the assumptions used;
 - Assessed the appropriateness of the Group's estimated selling prices, on a sample basis, by comparing them to, when available, the recently transacted prices or prices of comparable properties located in the same vicinity as these properties; and
- For properties held under development, reviewed and assessed the reasonableness of the underlying key assumptions used, focusing on the estimated selling prices of comparable properties located in the same vicinity of the project, and reasonableness of estimated development costs.

Other Information

The directors are responsible for the other information. The other information comprises all the information included in the Company's 2026 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.

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 directors' 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.

INDEPENDENT JOINT AUDITORS' REPORT

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

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.

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 Wong Kwok Wai from BDO Limited.

BDO LLP
Public Accountants and Chartered Accountants
Singapore
30 June 2026

BDO Limited
Certified Public Accountants
Hong Kong
30 June 2026

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

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.

The Group recorded a gross loss and a net loss of approximately RMB211.2 million and RMB262.0 million respectively for the year ended 31 March 2026, and as of that date, the Group had accruals and other payables amounting to approximately RMB373.6 million, current tax liabilities amounting to approximately RMB10.6 million, amounts due to related parties amounting to approximately RMB95.0 million, and current portion of bank and other loans amounting to approximately RMB79.5 million, which were repayable within one year from the end of the reporting period or on demand, while the Group's cash and bank balances amounted to only approximately RMB13.6 million. In addition, the Group was unable to repay loan principal relating to a bank loan with an aggregate outstanding amount of RMB24.5 million in accordance with the scheduled repayment date, which may result in cross-defaults of other bank loans with aggregate outstanding amount of RMB20.0 million. These bank loans have been classified as current liabilities within the abovementioned current portion of bank and other loans.

Moreover, the Chinese Mainland property market remained weak during the year ended 31 March 2026 and the situation persists, which may affect the outlook of the Group's property sales business and thus, its operating cash flows. These conditions and events may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the directors of the Company have given careful consideration on the Group's future liquidity, performance and available source of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. 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 has been proactively negotiating with banks to extend the repayment terms of its existing bank loans and to obtain favourable terms upon the renewal of banking facilities and the arrangements of new borrowings, in order to secure sufficient funds to meet its working capital and financing requirements in the foreseeable future. Subsequent to the reporting date, the Group successfully renewed bank loans of approximately RMB19.0 million, which were related to the abovementioned bank borrowings of RMB20.0 million;
- the Group will implement a pricing strategy to accelerate property sales to generate operating cash inflows;

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2026

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.1 Basis of preparation and going concern assumption (continued)

- the Group has been in discussions with major contractor and creditors to devise settlement plans that aligns with the liquidity position of the Group based on the cash flows forecast. Subsequent to the reporting date, the Group has reached agreements with major contractor and creditors not to demand settlement of the outstanding amounts of approximately RMB314 million prior to 30 June 2027;
- the Group has obtained undertakings from the related parties not to demand immediate settlement of the outstanding amounts of approximately RMB95.0 million until such time when repayment will not affect the Group's ability to repay other creditors in the normal course of business; and
- the Group will consider disposing of certain investment properties and property, plant and equipment, if necessary, to strengthen its liquidity position.

The directors of the Company are of the opinion that, taking into account the abovementioned 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 2026 on a going concern basis.

However, there are inherent uncertainties associated with the outcomes of the aforementioned plans and measures, including:

- the successful negotiation with banks for the renewal or extension of existing borrowings, as well as the securing of additional financing;
- the effective implementation of the Group's strategy to accelerate property sales and improve operating cash flows;
- the financial ability of the major contractor and other creditors to honor their undertakings to devise settlement plans aligned with the Group's liquidity position;
- the financial ability of the related parties to honor their undertakings not to demand immediate repayment of the outstanding amounts; and
- the successful realisation of the Group's investment properties and property, plant and equipment in a timely manner to strengthen its liquidity.

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 carrying values of the Group's 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.