

PAN HONG HOLDINGS GROUP LIMITED

(Formerly known as Pan Hong Property Group Limited)

(Incorporated in Bermuda on 20 December 2005)

(Co. Reg. No: 37749)

3rd QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2015
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS
1(a) An income statement (for the group) together with a comparative statement for corresponding period of the immediately preceding financial year.

RMB'000	Group					
	3 months ended 31/12/2015	3 months ended 31/12/2014	Increase/ (Decrease)	9 months ended 31/12/2015	9 months ended 31/12/2014	Increase/ (Decrease)
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Revenue	94,563	28,414	232.8%	484,411	201,173	140.8%
Cost of Sales	(88,038)	(14,215)	519.3%	(420,315)	(122,221)	243.9%
Gross profit	6,525	14,199	(54.0%)	64,096	78,952	(18.8%)
Other income, other gains and losses	66,886	7,250	822.6%	77,178	18,772	311.1%
Selling and distribution expenses	(9,187)	(6,748)	36.1%	(23,140)	(16,927)	36.7%
Administrative expenses	(13,466)	(12,392)	8.7%	(37,982)	(31,277)	21.4%
Operating profit	50,758	2,309	2,098.3%	80,152	49,520	61.9%
Finance costs	(752)	(786)	(4.3%)	(2,354)	(2,419)	(2.7%)
Profit before income tax	50,006	1,523	3,183.4%	77,798	47,101	65.2%
Income tax expense	(16,981)	(1,274)	1,232.9%	(26,553)	(23,417)	13.4%
Profit for the period	33,025	249	13,163.1%	51,245	23,684	116.4%
Other comprehensive income, net of tax						
Item that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of financial statements of foreign operations	(2,010)	293	(786.0%)	(12,328)	137	(9,098.5%)
Other comprehensive income for the period	(2,010)	293	(786.0%)	(12,328)	137	(9,098.5%)
Total comprehensive income for the period	31,015	542	5,622.3%	38,917	23,821	63.4%
Profit for the period attributable to:						
Owners of the Company	25,389	505	4,927.5%	35,700	16,120	121.5%
Non-controlling interests	7,636	(256)	(3,082.8%)	15,545	7,564	105.5%
	<u>33,025</u>	<u>249</u>	<u>13,163.1%</u>	<u>51,245</u>	<u>23,684</u>	<u>116.4%</u>
Total comprehensive income attributable to:						
Owners of the Company	23,337	798	2,824.4%	24,853	16,257	52.9%
Non-controlling interests	7,678	(256)	(3,099.2%)	14,064	7,564	85.9%
	<u>31,015</u>	<u>542</u>	<u>5,622.3%</u>	<u>38,917</u>	<u>23,821</u>	<u>63.4%</u>
Earnings per share for profit attributable to the owners of the Company during the period (in RMB cents):						
- Basic and Diluted	<u>4.96</u>	<u>0.10</u>	<u>4,860.0%</u>	<u>6.97</u>	<u>3.15</u>	<u>121.3%</u>

Note:

RMB '000	Group			
	3 months ended 31/12/2015 (Unaudited)	3 months ended 31/12/2014 (Unaudited)	9 months ended 31/12/2015 (Unaudited)	9 months ended 31/12/2014 (Unaudited)
Profit before income tax is arrived at after charging/(crediting):				
Interest charges on financial liabilities stated at amortised cost				
- Bank and other loans wholly repayable within five years	27,744	24,504	70,510	64,178
Less: amount capitalised in properties held under development	(26,992)	(23,718)	(68,156)	(61,759)
	752	786	2,354	2,419
Cost of properties held for sale recognised as expense	82,669	12,489	393,017	110,744
Exchange loss/(gain), net	231	24	250	(202)
Loss on written off of property, plant and equipment	-	1	-	1
Depreciation of property, plant and equipment	557	812	1,795	1,502
Less: amount capitalised in properties held under development	(47)	(73)	(229)	(201)
	510	739	1,566	1,301
Operating lease charge in respect of land and buildings	201	105	409	289
Less: amount capitalised in properties held under development	(9)	-	(48)	(67)
	192	105	361	222
Staff costs, including directors' remuneration				
- Wages and salaries	7,160	5,399	20,217	16,803
- Retirement benefit scheme contributions - defined contribution plans	500	142	1,074	376
Less: amount capitalised in properties held under development	(2,045)	(1,488)	(5,722)	(4,914)
	5,615	4,053	15,569	12,265
and crediting/(charging):				
Interest income from bank deposits and other receivables	5,153	3,783	11,075	7,649
Net fair value gain/(loss) for financial assets at fair value through profit or loss	806	(2)	(4,138)	268
Gain on disposal of property, plant and equipment	-	-	54	53
Rental income	927	3,292	9,701	10,279
Sundry income	-	177	486	523
Additional receivable from a local authority	60,000	-	60,000	-

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31 December 2015 (Unaudited)	31 March 2015 (Audited)	31 December 2015 (Unaudited)	31 March 2015 (Audited)
RMB'000				
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	33,261	29,117	-	-
Investment properties	405,654	405,654	-	-
Investments in subsidiaries	-	-	564,060	564,060
Interests in joint ventures	184,654	184,654	-	-
Deposit paid for subscription of equity interests in an associate	11,273	-	-	-
Other financial assets	20,000	20,000	20,000	20,000
Long-term pledged deposits	150,000	100,000	-	-
Deferred tax assets	25,164	25,164	-	-
	830,006	764,589	584,060	584,060
Current assets				
Properties held under development	2,109,316	2,285,262	-	-
Properties held for sale	906,094	733,296	-	-
Accounts receivable	575	2,361	-	-
Prepayments and other receivables	582,557	485,570	108	110
Amounts due from subsidiaries	-	-	258,893	260,838
Financial assets at fair value through profit or loss	3,226	7,364	-	-
Structured bank deposits	-	154,000	-	-
Pledged deposits	247,129	349,403	-	-
Cash and bank balances	266,709	309,501	131	132
	4,115,606	4,326,757	259,132	261,080
Non-current asset held for sale				
Investment property held for sale	-	7,050	-	-
	4,115,606	4,333,807	259,132	261,080
Current liabilities				
Accounts and bill payables	51,028	69,413	-	-
Accruals, receipts in advance and other payables	1,366,793	1,108,757	261	255
Provision for tax	167,947	182,379	-	-
Amounts due to related parties	33,740	116,598	248,128	248,350
Bank and other loans	542,548	848,141	-	-
	2,162,056	2,325,288	248,389	248,605
Net current assets	1,953,550	2,008,519	10,743	12,475
Total assets less current liabilities	2,783,556	2,773,108	594,803	596,535
Non-current liabilities				
Bank and other loans	601,009	667,500	-	-
Deferred tax liabilities	57,690	57,690	-	-
	658,699	725,190	-	-
Net assets	2,124,857	2,047,918	594,803	596,535
EQUITY				
Equity attributable to the Company's owners				
Share capital	313,446	313,446	313,446	313,446
Reserves	1,242,032	1,212,076	281,357	283,089
	1,555,478	1,525,522	594,803	596,535
Non-controlling interests	569,379	522,396	-	-
Total equity	2,124,857	2,047,918	594,803	596,535

1(b)(ii) Aggregate amount of group's borrowings and debt securities. Amount repayable in one year or less, or on demand
Amount repayable in one year or less, or on demand

As at 31/12/2015		As at 31/03/2015	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
542,548	-	848,141	-

Amount repayable after one year

As at 31/12/2015		As at 31/03/2015	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
601,009	-	667,500	-

Details of any collateral

Bank and other loans of approximately RMB793,696,000 were secured by the Group's properties and land use rights which were classified as "Leasehold interest in land and buildings", "Investment properties", "Properties held under development" as well as "Properties held for sale" as at 31 December 2015. Bank and other loans of approximately RMB349,861,000 were mainly secured by a deposit of RMB346,900,000 which were classified as "Long-term pledged deposits" and "Pledged deposits" as at 31 December 2015.

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

RMB'000	Group			
	3 months ended 31/12/2015 (Unaudited)	3 months ended 31/12/2014 (Unaudited)	9 months ended 31/12/2015 (Unaudited)	9 months ended 31/12/2014 (Unaudited)
Cash flows from operating activities				
Profit before income tax	50,006	1,523	77,798	47,101
Adjustments for:				
Interest income	(5,153)	(3,783)	(11,075)	(7,649)
Interest expense	752	786	2,354	2,419
Depreciation of property, plant and equipment	510	739	1,566	1,301
Gain on disposal of property, plant and equipment	-	-	(54)	(53)
Written off of property, plant and equipment	-	1	-	1
Net fair value (gain)/loss for financial assets at fair value through profit and loss	(806)	2	4,138	(268)
Operating profit/(loss) before working capital changes	45,309	(732)	74,727	42,852
Decrease/(increase) in properties held under development and properties held for sale	37,454	(178,933)	67,831	(441,980)
Increase in accounts and other receivables and prepayments and deposit paid	(45,364)	(3,798)	(95,664)	(54,422)
Decrease in financial assets at fair value through profit or loss	-	27	-	6,390
Increase in accounts and bill payables, accruals, receipts in advance and other payables	82,114	150,556	246,701	486,697
Cash generated from/(used in) operations	119,513	(32,880)	293,595	39,537
Interest received	5,153	4,048	11,619	7,649
Income taxes paid	(12,394)	(9,774)	(40,985)	(23,092)
Net cash generated from/(used in) operating activities	112,272	(38,606)	264,229	24,094
Cash flows from investing activities				
Purchases of property, plant and equipment	(685)	(1,213)	(1,628)	(2,194)
Advance to a joint venture	-	(1,208)	-	(1,208)
Proceeds from disposal of property, plant and equipment	-	-	534	540
Deposit paid for subscription of equity interests in an associate	(11,273)	-	(11,273)	-
Decrease/(Increase) in pledged deposits with original maturity over three months	175,890	46,683	206,274	(4,204)
Net cash generated from/(used in) investing activities	163,932	44,262	193,907	(7,066)
Cash flows from financing activities				
(Repayment to)/advance from a related company	(61,170)	2,799	(83,943)	15,867
Gross proceeds from placing of new shares to non-controlling interests by a subsidiary	40,820	-	40,820	-
Transaction costs attributable to placing of new shares to non-controlling interests by a subsidiary	(2,798)	-	(2,798)	-
New borrowings	493,823	99,550	630,986	416,060
Repayment of borrowings	(727,032)	(32,069)	(1,014,130)	(252,555)
Interest paid	(30,679)	(24,052)	(72,347)	(62,834)
Net cash (used in)/generated from financing activities	(287,036)	46,228	(501,412)	116,538
Net (decrease)/increase in cash and cash equivalents	(10,832)	51,884	(43,276)	133,566
Effect of foreign exchange difference	105	(256)	484	(791)
Cash and cash equivalents at beginning of the period	277,436	155,383	309,501	74,236
Cash and cash equivalents at end of the period (Note)	266,709	207,011	266,709	207,011
Note:				
Analysis of balances of cash and cash equivalents				
Cash and bank equivalents	266,709	207,011	266,709	207,011

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Equity attributable to equity holders of the Company										Non - Controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Merger reserve	Statutory reserve	Capital reserve	Other reserve	Exchange reserve	Retained earnings	Total		
At 1 October 2014 (unaudited)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the period	313,446	(12,817)	203,250	(2,243)	78,107	3,838	82,217	(4,013)	826,700	1,488,485	509,694	1,998,179
Other comprehensive income	-	-	-	-	-	-	-	-	505	505	(256)	249
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	293	-	293	-	293
Total comprehensive income for the period	-	-	-	-	-	-	-	293	505	798	(256)	542
At 31 December 2014 (unaudited)	313,446	(12,817)	203,250	(2,243)	78,107	3,838	82,217	(3,720)	827,205	1,489,283	509,438	1,998,721
At 1 October 2015 (unaudited)	313,446	(12,817)	203,250	(2,243)	84,438	3,838	82,217	(11,121)	866,030	1,527,038	528,782	2,055,820
Profit for the period	-	-	-	-	-	-	-	-	25,389	25,389	7,636	33,025
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	(2,052)	-	(2,052)	42	(2,010)
Total comprehensive income for the period	-	-	-	-	-	-	-	(2,052)	25,389	23,337	7,678	31,015
Deemed disposal of subsidiaries arisen from shares placement of a subsidiary	-	-	-	-	-	-	4,911	192	-	5,103	32,919	38,022
At 31 December 2015 (unaudited)	313,446	(12,817)	203,250	(2,243)	84,438	3,838	87,128	(12,981)	891,419	1,555,478	569,379	2,124,857

Company	Share capital	Treasury shares	Share premium	Contributed surplus	Retained earnings	Total
At 1 October 2014 (unaudited)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loss for the period	313,446	(12,817)	203,250	59,579	31,464	594,922
At 31 December 2014 (unaudited)	313,446	(12,817)	203,250	59,579	31,038	594,496
At 1 October 2015 (unaudited)	313,446	(12,817)	203,250	59,579	31,865	595,323
Loss for the period	-	-	-	-	(520)	(520)
At 31 December 2015 (unaudited)	313,446	(12,817)	203,250	59,579	31,345	594,803

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.**

State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

SHARE CAPITAL

Date	Particulars	Number of shares		Amount	
		Issued share capital (including treasury shares)	Treasury shares	Share capital RMB'000	Treasury shares RMB'000
01 April 2015 and 31 December 2015	Balance at beginning and the end of the period	518,855,024	(6,544,000)	313,446	(12,817)

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued ordinary shares as at 31 December 2015 was 518,855,024 (31 March 2015: 518,855,024), of which 6,544,000 (31 March 2015: 6,544,000) were held by the Company as treasury shares.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

NIL

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group had applied the same accounting policies and methods of computation in the financial statements for the current reporting period as in those of the audited financial statement for the year ended 31 March 2015.

- 5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the new and revised International Financial Reporting Standards (IFRSs) which became effective for financial periods beginning on 1 April 2015. The adoption of these new and amended IFRSs did not give rise to significant change to the financial statements.

6. Earning per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group			
	3 months ended 31 December 2015	3 months ended 31 December 2014	9 months ended 31 December 2015	9 months ended 31 December 2014
Earnings per ordinary share (in RMB cents):	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
- Basic and Diluted	4.96	0.10	6.97	3.15

Note:

The calculation of basic earnings per share was based on the profit attributable to equity holders of the Company of approximately RMB25,389,000 for the 3 months ended 31 December 2015 (3 months ended 31 December 2014: RMB505,000) and RMB35,700,000 for the 9 months ended 31 December 2015 (9 months ended 31 December 2014: RMB16,120,000) divided by weighted average of 512,311,024 ordinary shares (excluding treasury shares) for the 3 months ended 31 December 2015 (3 months ended 31 December 2014: the weighted average of 512,311,024) and weighted average of 512,311,024 ordinary share (excluding treasury shares) for the 9 months ended 31 December 2015 (9 months ended 31 December 2014: the weighted average of 512,311,024).

Diluted earnings per share for the 3 months ended 31 December 2015 and 9 months 31 December 2015 are the same as the basic earnings per share as there are no dilutive potential share (3 months and 9 months ended 31 December 2014: Nil).

7. Net asset value (for the issuer and group) per ordinary share based on of the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	As at 31/12/2015	As at 31/03/2015	As at 31/12/2015	As at 31/03/2015
Net asset value per ordinary share (in RMB cents)	414.76	399.74	116.10	116.44

Note:

- (1) The number of ordinary shares of the Company as at 31 December 2015 was 512,311,024 (excluding treasury shares) (31 March 2015: 512,311,024).
- (2) For information purposes, the net asset value per ordinary share attributable to the Company's owners of the Group (excluding non-controlling interests) as at 31 December 2015 was RMB303.62 cents (31 March 2015: RMB297.77 cents).

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period report on.**

(a) REVIEW OF FINANCIAL RESULTS FOR THE QUARTER ENDED 31 DECEMBER 2015 ("3Q2016") COMPARED TO THE PREVIOUS CORRESPONDING QUARTER ENDED 31 DECEMBER 2014 ("3Q2015")

Revenue

	Group			
	3 months ended 31 December 2015	3 months ended 31 December 2014	9 months ended 31 December 2015	9 months ended 31 December 2014
Revenue (RMB'000):	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Residential	91,740	10,401	467,701	136,438
Commercial and others	2,823	18,013	16,710	64,735
	94,563	28,414	484,411	201,173

The Group's revenue in 3Q2016 was RMB94.6 million compared to RMB28.4 million in 3Q2015, an increase of 232.8%. The increase was attributable mainly to higher handover of residential units of Yichun Royal Lake City (宜春御湖城) Phase 2 and Fuzhou Hua Cui Ting Yuan (撫州華萃庭院) Phase 3.

The revenue in 3Q2016 comprised mainly the handover of residential units sold under Yichun Royal Lake City Phase 2 and Fuzhou Hua Cui Ting Yuan Phase 3. In 3Q2015, the revenue was derived from handover of residential units and commercial units of Fuzhou Hua Cui Ting Yuan Phase 1 and Yichun Royal Lake City Phase 1.

As the Group is primarily engaged in property development business, revenue recognition is dependent on the launch of new projects and completion of handover of sold properties. Consequently, revenue and profit for the Group looking across quarters will appear irregular.

Cost of Sales and Gross Profit Margin

In line with the increase in revenue, cost of sales increased from RMB14.2 million in 3Q2015 to RMB88.0 million in 3Q2016, which reflected the cost of higher handover of residential units. Gross profit margin decreased from 50.0% to 6.9%.

Greater portion of revenue came from sale of commercial units in 3Q2015 compared to 3Q2016. Commercial unit has a higher profit margin compared to residential unit. In addition, approximately 40% of residential units sold by the Group in 3Q2015 were townhouses, which had a higher profit margin compared to other residential units.

Other income, Other Gains and Losses

Other income, other gains and losses increased from RMB7.3 million in 3Q2015 to RMB66.9 million in 3Q2016. The increase was mainly due to an additional receivable of RMB60.0 million from a local regional government committee in respect of a long outstanding receivable of approximately RMB234.4 million ("Initial Receivable") from the disposal of the six parcels of land located at Jiashanyang, Zhonggong Village, Daochang Town in Huzhou City, Zhejiang Province, the PRC in January 2012 ("Disposal"). Accordingly, the total receivable from the Disposal is RMB294.4 million. During the financial period, the Group had received a partial payment of RMB173.5 million for the Initial Receivable.

Selling and Distribution Expenses

Selling and distribution expenses increased by 36.1% from RMB6.7 million in 3Q2015 to RMB9.2 million in 3Q2016. The higher selling expenses in 3Q2016 were mainly due to an increase in advertising and promotion costs in respect of Huzhou Hua Cui Ting Yuan (湖州華萃庭院) Phase 2 and Huzhou Run Yuan Project (湖州潤源項目) Phase 1.

Administrative Expenses

Administrative expenses increased by 8.7% from RMB12.4 million in 3Q2015 to RMB13.5 million in 3Q2016 mainly due to the increase in land use tax and staff costs.

Income Tax Expense

Income tax expense increased from RMB1.3 million in 3Q2015 to RMB17.0 million in 3Q2016. The increase was attributable mainly to the higher profits generated in 3Q2016.

Profit for the Period

As a cumulative effect of the foregoing factors, the Group recorded a profit after tax of RMB33.0 million in 3Q2016, up from RMB0.2 million in 3Q2015.

Exchange Differences on Translation of Financial Statements of Foreign Operations

Exchange differences on translation of financial statements of foreign operations decreased from a gain of RMB0.3 million in 3Q2015 to a loss of RMB2.0 million in 3Q2016. The decrease was mainly due to the depreciation of RMB against Hong Kong Dollar (“HKD”) during the financial period that resulted in a translation loss of the Group’s subsidiaries which were denominated in HKD.

Total Comprehensive Income for the Period

As a cumulative effect of the above factors, the Group recorded a total comprehensive income for the period of RMB31.0 million in 3Q2016, compared to a total comprehensive income for the period of RMB0.5 million in 3Q2015.

(b) REVIEW OF FINANCIAL POSITION AS AT 31 DECEMBER 2015 AND CASH FLOW FOR 3Q2016

Property, Plant and Equipment

Property, plant and equipment increased from RMB29.1 million as at 31 March 2015 to RMB33.3 million as at 31 December 2015. The increase was attributable mainly to the transfer of certain properties held for sale to property, plant and equipment as they are assigned for the Group’s own use during the financial period.

Deposit Paid for Subscription of Equity Interests in an Associate

Deposit paid for subscription of equity interests in an associate increased to RMB11.3 million as at 31 December 2015 from nil as at 31 March 2015. The increase was attributable to the deposits paid for subscription of equity interests in a company which will be an associate of the Group after completion of subscription.

Properties Held Under Development

The Group's properties held under development decreased by RMB175.9 million from RMB2.29 billion as at 31 March 2015 to RMB2.11 billion as at 31 December 2015. The decrease was mainly attributable to the net effect of re-classification of properties of Yichun Royal Lake City Phase 2 and Fuzhou Hua Cui Ting Yuan Phase 3 which were completed and transferred to properties for sale during the financial period, as well as progress in the construction of projects such as Huzhou Hua Cui Ting Yuan Phase 2, Nanchang Sino Harbour Kaixuan City (南昌漢港凱旋城) Phase 1 and Huzhou Run Yuan Project Phase 1.

Properties Held For Sale

Properties held for sale increased from RMB733.3 million as at 31 March 2015 to RMB906.1 million as at 31 December 2015, mainly due to the re-classification of properties of Yichun Royal Lake City Phase 2 and Fuzhou Hua Cui Ting Yuan Phase 3 which were completed and transferred from properties held under development during the financial period.

Accounts Receivable

Accounts receivable decreased from RMB2.4 million as at 31 March 2015 to RMB0.6 million as at 31 December 2015. The decrease was due mainly to the recovery of accounts receivable during the financial period.

Prepayments and Other Receivables

The Group's prepayments and other receivables increased from RMB485.6 million as at 31 March 2015 to RMB582.6 million as at 31 December 2015. The increase was mainly due to net effect of the deposit paid for acquisition of land use rights in Huzhou City, Zhejiang Province, the PRC, and the partial settlement of receivable arose from the disposal of six parcels of land located in Huzhou City, Zhejiang Province, the PRC.

Financial Assets at Fair Value through Profit or Loss

Financial assets at fair value through profit or loss included listed equity securities in Hong Kong and the PRC.

Financial assets at fair value through profit or loss decreased to RMB3.2 million as at 31 December 2015 from RMB7.4 million as at 31 March 2015. The decrease was attributable mainly to the fair value loss recognised during the financial period.

Pledged Deposits and Structured Bank Deposits

Long-term and short-term pledged deposits decreased from RMB449.4 million as at 31 March 2015 to RMB397.1 million as at 31 December 2015. Structured bank deposits decreased from RMB154.0 million as at 31 March 2015 to nil as at 31 December 2015. The decreases were mainly due to the decrease in deposits pledged against and secured for the bank and other loans to the Group.

Investment Property Held For Sale

Investment property held for sale decreased from RMB7.1 million as at 31 March 2015 to nil as at 31 December 2015 due to the completion of transfer of title of the investment property to the customer during the financial period.

Accounts and Bill Payables, Accruals, Receipts in Advance and Other Payables

Account and bill payables decreased to RMB51.0 million as at 31 December 2015 from RMB69.4 million as at 31 March 2015 due to an increase in settlement of amounts payable to suppliers for construction costs incurred in respect of the Group's properties held under development and properties held for sale.

Accruals, receipts in advance and other payables increased from RMB1.11 billion as at 31 March 2015 to RMB1.37 billion as at 31 December 2015. Accruals, receipts in advance and other payables comprised mainly advance receipts from customers in respect of the Group's property pre-sales, accrued construction costs and project-related expenses that were based on the progress of the project development but were not due for payment, as well as guarantee deposits by the contractors as at 31 December 2015. The increase in accruals, receipts in advance and other payables was mainly due to the increase in advance receipts from the customers of Huzhou Hua Cui Ting Yuan Phase 2, Nanchang Sino Harbour Kaixuan City Phase 1 and Huzhou Run Yuan Project Phase 1.

Amounts Due to Related Parties

Amounts due to related parties decreased from RMB116.6 million as at 31 March 2015 to RMB33.7 million as at 31 December 2015. The decrease was attributable mainly to repayment of cash advance from a related company – Pan Hong Company Limited.

Bank and Other Loans

As at 31 December 2015, the Group had total borrowings of RMB1.14 billion, a decrease from RMB1.52 billion as at 31 March 2015 mainly due to repayment of bank and other borrowings during the period.

Of these borrowings, bank and other loans of approximately RMB349.9 million were secured by a deposit of RMB346.9 million which was classified as "Long-term pledged deposits" and "Pledged deposits" as at 31 December 2015.

Based on the Group's total equity of RMB2.12 billion and a deposit collateral of RMB346.9 million, the Group recorded a net gearing ratio (total bank and other loans less deposit collateral / total equity) of 37.5% as at 31 December 2015, compared to 47.9% as at 31 March 2015.

Cash Flow Analysis

In 3Q2016, the Group recorded RMB112.3 million of net cash generated from operating activities which was attributable mainly to the increase in advance receipts from customers for pre-sale of properties.

Net cash generated from investing activities in 3Q2016 amounted to RMB163.9 million, mainly due to the decrease in pledged deposits.

Net cash used in financing activities in 3Q2016 amounted to RMB287.0 million, mainly due to repayment of borrowings.

As at 31 December 2015, the Group had cash and cash equivalents of RMB266.7 million.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The third quarter financial results for the nine months ended 31 December 2015 is in line with the statement made in Paragraph 10 disclosed in its previous results announcement. There was no forecast or prospect statement previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Industry Outlook

The property market in the PRC has been improving gradually as evidenced by official data. Data published by the National Bureau of Statistics indicated that new home prices of 39 out of a statistical pool of 70 major PRC cities recorded a month-on-month increase in December 2015, up from 33 cities in November 2015, while 27 cities experienced decline in prices, same as the month before.

In October 2015, The People's Bank of China ("PBOC") announced the cut of benchmark deposit and loan interest rate by 25 basis points respectively. The PBOC also cut the reserve requirement rate by 50 basis points in October 2015.

PBOC and the China Banking Regulatory Commission had released a joint-announcement in February 2016 to ease the mortgage rule. According to the joint-announcement, for family property buyers who wish to purchase their first residential property, the first down payment requirement will be decreased from 25% to 20%. The new rule will be applicable to all the cities in the PRC except those with limited property purchase policy such as Beijing, Shanghai, Shenzhen, Guangzhou and Sanya. In addition, minimum down payment levels for second home buyers were lowered to 30% from 40%.

Company Update

Property Pre-sales

The property pre-sales activity for the Group's projects in Huzhou, Nanchang, Fuzhou and Yichun cities remained strong. Results of Property Pre-sale Launches (as at 22 January 2016) are summarised in the tables below:

Residential Units

	Huzhou Run Yuan Project Phase 1	Huzhou Hua Cui Ting Yuan Phase 2	Nanchang Sino Harbour Kaixuan City Phase 1	Fuzhou Hua Cui Ting Yuan Phase 3	Yichun Royal Lake City Phase 2
Est. total GFA released for sale (total units)	104,072 sq. m. (944 units)	18,924 sq. m. (100 units)	80,686 sq. m. (768 units)	117,177 sq. m. (1,127 units)	93,805 sq. m. (993 units)
Est. total GFA pre-sold (total units)	78,225 sq. m. (718 units)	17,173 sq. m. (91 units)	75,350 sq. m. (716 units)	112,937 sq. m. (1,089 units)	74,075 sq. m. (807 units)
Percentage of pre-sold	75%	91%	93%	96%	79%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 31 December 2015 ^	78,225 sq. m. (718 units)	17,173 sq. m. (91 units)	58,839 sq. m. (591 units)	45,706 sq. m. (438 units)	15,263 sq.m. (158 units)
Pre-sale value not handed over to buyers as at 31 December 2015 ^	RMB504.38m	RMB151.18m	RMB297.75m	RMB233.16m	RMB67.05m

ASP per sq m*	RMB6,448	RMB8,803	RMB5,060	RMB5,101	RMB4,393
Expected completion date	Q4CY2016	Q4CY2016	Completed	Completed	Completed

*: Average Sales Price (“ASP”) of the projects is computed as follows: Pre-sale value not handed over to buyer divided by Pre-sale GFA not handed over to buyer.

^: Pre-sale value not handed over to buyer is computed as follows: Beginning period pre-sales plus New pre-sales during the period less those handed over to buyers as at 31 December 2015.

Company Strategies

Focusing on pre-sales and quickening its pace of property development will continue to be the key strategies of the Group. The Group will continue seeking opportunities to acquire land parcels in second- to third-tier cities and consider expanding its property investments portfolio to provide more stable returns through rental income in the longer term.

The Group may also consider exploring suitable business opportunities to broaden its revenue base and diversifying its core business.

11. Dividend

(a) Current Financial Period Reported On

NIL

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

NIL

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the financial period ended 31 December 2015.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have any general mandate from its shareholders for IPTs.

BY ORDER OF THE BOARD

Wong Lam Ping
Chairman
5 February 2016



NEGATIVE ASSURANCE CONFIRMATION

Statement by Directors pursuant to SGX Listing Rule 705(5)

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of Pan Hong Holdings Group Limited which may render these interim financial results for the quarter ended 31 December 2015 to be false or misleading in any material aspect.

For and on behalf of the
Board of Directors of
Pan Hong Holdings Group Limited

Wong Lam Ping
Executive Chairman

Wang Cuiping
Executive Director

Date: 5 February 2016