



PAN HONG HOLDINGS GROUP LIMITED

(Incorporated in Bermuda on 20 December 2005)
(Co. Reg. No: 37749)

1st QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THREE MONTHS ENDED 30 JUNE 2019

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 the corresponding period of the immediately preceding financial year.

RMB'000	Group		
	3 months ended	3 months ended	Increase/
	30 June 2019	30 June 2018	(Decrease)
	(Unaudited)	(Unaudited)	
Revenue	518,557	8,896	5,729.1%
Cost of Sales	(352,036)	(6,599)	5,234.7%
Gross profit	166,521	2,297	7,149.5%
Other income and other gains and losses	3,401	4,101	(17.1%)
Selling and distribution expenses	(9,718)	(2,359)	312.0%
Administrative expenses	(2,901)	(4,008)	(27.6%)
Operating profit	157,303	31	507,329.0%
Finance costs	(326)	(565)	(42.3%)
Profit/(loss) before income tax	156,977	(534)	NM
Income tax expenses	(50,592)	(334)	15,047.3%
Profit/(loss) for the period	106,385	(868)	NM
Other comprehensive income, net of tax			
Item that will not be reclassified to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income	(734)	-	NM
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations	(420)	(2,568)	(83.6%)
Other comprehensive income for the period	(1,154)	(2,568)	(55.1%)
Total comprehensive income for the period	105,231	(3,436)	NM
Profit/(loss) for the period attributable to:			
Owners of the Company	106,385	(868)	NM
Non-controlling interests	-	-	NM
	106,385	(868)	NM
Total comprehensive income attributable to:			
Owners of the Company	105,231	(3,436)	NM
Non-controlling interests	-	-	NM
	105,231	(3,436)	NM
Earnings/(loss) per share for profit/(loss) attributable to the owners of the Company during the period (in RMB cents):			
- Basic and Diluted	20.77	(0.17)	NM

*NM: not meaningful

Note:

RMB '000	Group	
	3 months ended 30 June 2019	3 months ended 30 June 2018
	(Unaudited)	(Unaudited)
Profit before income tax is arrived at after charging/(crediting):		
Interest charges on financial liabilities stated at amortised cost		
- Bank loans wholly repayable within five years	326	565
Less: amount capitalised in properties held under development	-	-
	326	565
Depreciation of property, plant and equipment	388	452
Less: amount capitalised in properties held under development	(2)	(17)
	386	435
Cost of properties held for sale recognised as expense	348,925	6,574
Operating lease charge in respect of land and buildings	71	32
Less: amount capitalised in properties held under development	-	(24)
	71	8
Staff costs, including directors' remuneration		
- Wages and salaries	2,169	2,298
- Retirement benefit scheme contributions - defined contribution plans	479	235
Less: amount capitalised in properties held under development	(671)	(453)
	1,977	2,080
and (charging)/crediting:		
Net fair value loss on financial assets at fair value through profit or loss	(369)	(240)
Interest income	3,438	4,206
Rental income	202	73
Sundry income	130	62



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	
	30 June 2019 (Unaudited)	31 March 2019 (Audited)	30 June 2019 (Unaudited)	31 March 2019 (Audited)
RMB'000				
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	47,923	47,793	-	-
Investment properties	21,027	21,027	-	-
Investments in subsidiaries	-	-	278,608	278,608
Financial assets at fair value through other comprehensive income	22,727	23,461	22,727	23,461
Deferred tax assets	6,257	6,368	-	-
	97,934	98,649	301,335	302,069
Current assets				
Properties held under development	774,350	746,789	-	-
Properties held for sale	230,306	551,532	-	-
Accounts receivable	12,816	-	-	-
Prepayments and other receivables	362,507	310,438	6,049	109
Amounts due from subsidiaries	-	-	368,892	368,892
Financial assets at fair value through profit or loss	6,795	56,187	-	-
Tax recoverable	16,918	26,432	-	-
Structured bank balances	66,800	33,500	-	-
Pledged deposits	34,800	34,800	-	-
Cash and bank balances	320,080	357,222	155	155
	1,825,372	2,116,900	375,096	369,156
Current liabilities				
Accounts payable	16,820	31,887	-	-
Accruals and other payables	426,796	365,693	23	23
Contract liabilities	576,679	1,030,931	-	-
Current tax liabilities	64,435	54,420	-	-
Amounts due to related parties	11,365	11,361	374,369	368,091
Bank loans	47,322	46,608	-	-
	1,143,417	1,540,900	374,392	368,114
Net current assets	681,955	576,000	704	1,042
Total assets less current liabilities	779,889	674,649	302,039	303,111
Non-current liabilities				
Deferred tax liabilities	3,803	3,794	-	-
	3,803	3,794	-	-
Net assets	776,086	670,855	302,039	303,111
EQUITY				
Equity attributable to the Company's owners				
Share capital	52,241	52,241	52,241	52,241
Reserves	718,189	612,958	249,798	250,870
	770,430	665,199	302,039	303,111
Non-controlling interests	5,656	5,656	-	-
Total equity	776,086	670,855	302,039	303,111



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 30/06/2019		As at 31/03/2019	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
47,322	-	46,608	-

Details of any collateral

Bank loans of approximately RMB15,142,000 were secured by the Group's property, plant and equipment as at 30 June 2019. Bank loans of approximately RMB32,180,000 were mainly secured by deposits of RMB34,800,000 which were classified as pledged deposits as at 30 June 2019.



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 30 June 2019 (Unaudited)	3 months ended 30 June 2018 (Unaudited)
Cash flows from operating activities		
Profit/(loss) before income tax	156,977	(534)
Adjustments for:		
Interest income	(3,438)	(4,206)
Interest expense	326	565
Depreciation of property, plant and equipment	386	435
Net fair value loss for financial assets at fair value through profit and loss	369	240
Operating profit/(loss) before working capital changes	154,620	(3,500)
Decrease/(increase) in properties held under development and properties held for sale	339,995	(49,354)
Increase in accounts and other receivables and prepayments	(111,213)	(11,520)
Increase in restricted bank balances	(48,161)	-
(Decrease)/increase in accounts and other payables, accruals and contract liabilities	(408,216)	272,715
Decrease in financial assets at fair value through profit or loss	49,023	-
Cash (used in)/generated from operations	(23,952)	208,341
Interest received	3,438	4,206
Income taxes paid	(30,952)	(3,036)
Net cash (used in)/generated from operating activities	(51,466)	209,511
Cash flows from investing activities		
Purchases of property, plant and equipment	(45)	(856)
Proceeds from disposal of other financial assets at amortised cost	-	90,303
Decrease in pledged deposits with original maturity over three months	-	73,042
Increase in structured bank balances	(33,300)	(144,500)
Net cash (used in)/generated from investing activities	(33,345)	17,989
Cash flows from financing activities		
Advance from/(repayment to) a related company	-	7
Proceeds from new borrowings	-	7,620
Repayments of borrowings	(583)	(63,509)
Interest paid	(326)	(565)
Net cash used in financing activities	(909)	(56,447)
Net (decrease)/increase in cash and cash equivalents	(85,720)	171,053
Effect of foreign exchange difference	417	697
Cash and cash equivalents at beginning of the period	255,832	202,198
Cash and cash equivalents at end of the period (note)	170,529	373,948
Note:		
Analysis of balances of cash and cash equivalents		
Cash and bank balances	320,080	373,948
Less: restricted bank balances	(149,551)	-
	170,529	373,948



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											
	Share capital	Treasury shares	Merger reserve	Statutory reserve	Capital reserve	Other reserve	Fair value through other comprehensive income reserve	Exchange reserve	Retained earnings	Total	Non - Controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2018 (audited)	52,241	(12,817)	(2,243)	35,368	3,838	87,128	-	(11,924)	494,194	645,785	5,656	651,441
Loss for the period	-	-	-	-	-	-	-	-	(868)	(868)	-	(868)
Other comprehensive income												
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	(2,568)	-	(2,568)	-	(2,568)
Total comprehensive income for the period	-	-	-	-	-	-	-	(2,568)	(868)	(3,436)	-	(3,436)
At 30 June 2018 (unaudited)	52,241	(12,817)	(2,243)	35,368	3,838	87,128	-	(14,492)	493,326	642,349	5,656	648,005
At 1 April 2019 (audited)	52,241	(12,817)	(2,243)	42,748	3,838	87,128	3,461	(12,324)	503,167	665,199	5,656	670,855
Profit for the period	-	-	-	-	-	-	-	-	106,385	106,385	-	106,385
Other comprehensive income												
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	(420)	-	(420)	-	(420)
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	(734)	-	-	(734)	-	(734)
Total comprehensive income for the period	-	-	-	-	-	-	(734)	(420)	106,385	105,231	-	105,231
At 30 June 2019 (unaudited)	52,241	(12,817)	(2,243)	42,748	3,838	87,128	2,727	(12,744)	609,552	770,430	5,656	776,086

Company	Share capital	Treasury shares	Contributed surplus	Fair value through other comprehensive income reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2018 (audited)	52,241	(12,817)	59,579	-	201,808	300,811
Loss for the period	-	-	-	-	(858)	(858)
At 30 June 2018 (unaudited)	52,241	(12,817)	59,579	-	200,950	299,953
At 1 April 2019 (audited)	52,241	(12,817)	59,579	-	200,647	303,111
Loss for the period	-	-	-	-	(338)	(338)
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	(734)	-	(734)
At 30 June 2019 (unaudited)	52,241	(12,817)	59,579	2,727	200,309	302,039

- 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 and the number of subsidiary holdings, 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		
		Authorised share capital	Issued share capital	Treasury share	Authorised share capital RMB'000	Issued share capital RMB'000	Treasury share RMB'000
01 April 2019 and 30 June 2019	Balance at beginning and the end of the period	5,100,000,000	518,855,024	(6,544,000)	86,229	52,241	(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 30 June 2019 was 518,855,024 (31 March 2019: 518,855,024), of which 6,544,000 (31 March 2019: 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

- 1(d)(v) A statement showing all sales, transfer, cancellation and/or use of subsidiary holdings 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 2019, except for the adoption of new and revised International Financial Reporting Standards ("IFRSs") applicable for the financial period beginning on 1 April 2019. The adoption of these IFRSs has no material impact on the Group's and the Company's financial statements.

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 IFRSs which became effective for financial periods beginning on 1 April 2019. The adoption of these new and amended IFRSs did not give rise to significant change to the financial statements.

6. **Earnings 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 30 June 2019 (Unaudited)	3 months ended 30 June 2018 (Unaudited)
Earnings/(loss) per share for profit/(loss) attributable to the owners of the Company during the period (in RMB cents):		
- Basic and Diluted	20.77	(0.17)

For significant factors that affected the turnover, costs, and earnings of the Group for the current financial period, please refer to Paragraph 8.

Note:

The calculation of basic earnings per share was based on the profit attributable to equity holders of the Company of approximately RMB106,385,000 for the 3 months ended 30 June 2019 (3 months ended 30 June 2018: loss of RMB868,000) divided by weighted average of 512,311,024 ordinary shares (excluding treasury shares) (3 months ended 30 June 2018: the weighted average of 512,311,024) during the period.

Diluted earnings per share for the period is the same as the basic earnings per share as there is no dilutive potential share (3 months ended 30 June 2018: 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 30/06/2019	As at 31/03/2019	As at 30/06/2019	As at 31/03/2019
Net asset value per ordinary share (in RMB cents)	151.49	130.95	58.96	59.17

Notes:

- (1) The number of ordinary shares of the Company as at 30 June 2019 was 512,311,024 (excluding treasury shares) (31 March 2019: 512,311,024).
- (2) For information purposes, the net asset value attributable to the Company's owners of the Group (excluding non-controlling interests) as at 30 June 2019 was RMB 150.38 cents (31 March 2019: RMB 129.84 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 30 JUNE 2019 ("1Q2020") COMPARED TO RESULT OF THE PREVIOUS CORRESPONDING QUARTER ENDED 30 JUNE 2018 ("1Q2019")**

Revenue

	3 months ended 30 June 2019	3 months ended 30 June 2018
Revenue (RMB '000)		
Residential	439,138	8,595
Commercial and others	79,419	301
	518,557	8,896

The Group's revenue in 1Q2020 was RMB518.6 million compared to RMB8.9 million in 1Q2019, an increase of 57.3 times. The increase was mainly due to more transfer of control of residential units of Pan Hong Run Yuan (汎港潤園) Phase 2 to buyers in 1Q2020.

The revenue in 1Q2020 was primarily derived from the transfer of control of residential units of Pan Hong Run Yuan Phase 2 to buyers. In comparison, the revenue in 1Q2019 was mainly attributable to transfer of control of some remaining property units of Pan Hong Run Yuan Phase 1 to buyers.

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. 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 RMB6.6 million in 1Q2019 to RMB352.0 million in 1Q2020. Accordingly, gross profit increased from RMB2.3 million in 1Q2019 to RMB166.5 million in 1Q2020.

Gross profit margin increased from 25.8% in 1Q2019 to 32.1% in 1Q2020 as a result of higher selling prices in respect of the property units sold for Pan Hong Run Yuan Phase 2 as compared to those units sold for Pan Hong Run Yuan Phase 1 in 1Q2019.

Other Income and Other Gains and Losses

Other income and other gains and losses decreased from RMB4.1 million in 1Q2019 to RMB3.4 million in 1Q2020. The decrease was mainly due to a decrease in interest income from various other investments and structured bank balances.

Selling and Distribution Expenses

Selling and distribution expenses increased from approximately RMB2.4 million in 1Q2019 to approximately RMB9.7 million in 1Q2020. The higher selling expenses in 1Q2020 was mainly due to higher sales agency expenses incurred on the pre-sale of Pan Hong Run He.

Administrative Expenses

Administrative expenses decreased from approximately RMB4.0 million in 1Q2019 to approximately RMB2.9 million in 1Q2020. The lower administrative expenses in 1Q2020 was mainly due to strengthened cost control measures and a decrease in legal expenses.

Finance Costs

The decrease in finance costs from RMB565,000 in 1Q2019 to RMB326,000 in 1Q2020 was attributable to the decrease in balance of bank loans.

Income Tax Expenses

Income tax expenses increased from RMB334,000 in 1Q2019 to RMB50.6 million in 1Q2020, mainly due to higher profit in 1Q2020.

Profit for the Period

As a cumulative effect of the foregoing factors, the Group recorded a profit of RMB106.4 million in 1Q2020, compared to a loss of RMB868,000 from in 1Q2019.

Exchange Differences on Translation of Financial Statements of Foreign Operations

Exchange differences on translation of financial statements of foreign operations decreased from a loss of RMB2.6 million in 1Q2019 to a loss of RMB0.4 million in 1Q2020. 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 with significant bank loan balances 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 of RMB105.2 million in 1Q2020, compared to a total comprehensive income with a loss of RMB3.4 million in 1Q2019.

(b) REVIEW OF FINANCIAL POSITION AS AT 30 JUNE 2019 AND CASH FLOW FOR 1Q2020

Property, Plant and Equipment

As at 30 June 2019, the Group had property, plant and equipment of RMB47.9 million, compared to RMB47.8 million as at 31 March 2019. The increase was mainly due to purchase of new equipment.

Financial Asset at Fair Value Through Other Comprehensive Income

As at 30 June 2019, the balance of approximately RMB22.7 million (31 March 2019: RMB23.5 million) represented the carrying amount of 10% equity interest in Zhejiang Gene Stem Cell Biotech Company Limited acquired by the Group.

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, decreased to RMB6.8 million as at 30 June 2019 from RMB56.2 million as at 31 March 2019. The decrease was due to the settlement of the principal-protected unlisted investments issued by a PRC bank and net fair value loss from the listed equity securities during the period.

Properties Held Under Development

The Group's properties held under development increased by RMB27.6 million from RMB746.8 million as at 31 March 2019 to RMB774.4 million as at 30 June 2019. The increase was mainly due to the construction progress of Pan Hong Run He during the period.

Properties Held for Sale

Properties held for sale decreased from RMB551.5 million as at 31 March 2019 to RMB230.3 million as at 30 June 2019, mainly due to the transfer of control of completed properties of Pan Hong Run Yuan Phase 2 to the buyers.

Accounts Receivable

Accounts receivable of RMB12.8 million represents sales proceeds of a commercial unit receivable from the property buyer.

Prepayments and Other Receivables

The Group's prepayments and other receivables increased from RMB310.4 million as at 31 March 2019 to RMB362.5 million as at 30 June 2019. The increase was mainly due to an increase of prepayments and prepaid other taxes for the developments of Pan Hong Run He, and deposit paid for acquisition of a land parcel in Huzhou during the period.

Accounts Payable, Accruals and Other Payables and Contract Liabilities

Accounts payable decreased to RMB16.8 million as at 30 June 2019 from RMB31.9 million as at 31 March 2019, which was mainly due to settlement of construction-related invoices.

Accruals and other payables mainly comprised the accrued construction costs and project-related expenses that are based on the progress of project development but are not due for payment.

Accruals and other payables increased from approximately RMB365.7 million as at 31 March 2019 to approximately RMB426.8 million as at 30 June 2019. The increase was mainly due to the performance bond and deposit received from several contractors and sales agency.

Contract liabilities were the advance receipts from customers in respect of the deposits and prepayments for pre-sales of the Group's properties.

Contract liabilities decreased from approximately RMB1,030.9 million as at 31 March 2019 to approximately RMB576.7 million as at 30 June 2019. The decrease was mainly due to net effect of revenue recognised upon transfer of control of property units of Pan Hong Run Yuan Phase 2 and the receipts during presale stage of Pan Hong Run He.

Current Tax Liabilities

Current tax liabilities increased from RMB54.4 million as at 31 March 2019 to RMB64.4 million as at 30 June 2019. The increase was mainly attributable to income tax liabilities derived from profit recorded by the Group's subsidiaries.

Bank Loans

As at 30 June 2019, the Group had bank loans of RMB47.3 million, an increase from RMB46.6 million as at 31 March 2019, mainly due to appreciation of HKD against RMB in the period.

Bank loans of approximately RMB15.1 million were secured by the Group's property, plant and equipment as at 30 June 2019. Bank loans of approximately RMB32.2 million were mainly secured by deposits of RMB34.8 million which were classified as pledged deposits as at 30 June 2019.

Based on the Group's total equity of RMB792.5 million and deposit collateral of RMB34.8 million, the Group recorded a net gearing ratio (total bank and other loans/total equity) of 6.0% as at 30 June 2019, compared to 6.9% as at 31 March 2019.

Cash Flow Analysis

In 1Q2020, the Group recorded RMB51.5 million of net cash used in operating activities which was mainly due to the net effect of advance receipts from customers for pre-sale of properties, the progress payment for the construction and payment of income tax.

Net cash used in investing activities in 1Q2020 amounted to RMB33.3 million, mainly due to increase in structured bank balances.

Net cash used in financing activities in 1Q2020 amounted to RMB0.9 million, mainly due to repayment of bank borrowings and interest during the period.

Included in bank balances and cash are restricted bank balances of RMB149.6 million (31 March 2019: RMB101.4 million) which can only be applied in the designated property development projects. As at 30 June 2019, the Group had cash and cash equivalents of RMB170.5 million.

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

The first quarter financial results for the three months ended 30 June 2019 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

There are no significant changes to the prospects of the property market in the People's Republic of China ("PRC") as evidenced by official data published by the National Bureau of Statistics. Official data indicated that new home prices recorded a month-on-month increase in May and June 2019 of 67 and 63 out of a statistical pool of 70 major PRC cities respectively. On a year-on-year basis, all PRC cities recorded a higher price in June 2019.

Company Update

Property Pre-sales

The cumulative results for the pre-sale and delivery of properties under each project up to 1 August 2019 are summarized as follows:

Residential Units

	Pan Hong Run Yuan Phase 2	Pan Hong Run He
Est. total GFA released for sale (total units)	96,720 sq.m.	123,097 sq.m.
	750 units	1,144 units
Est. total GFA pre-sold (total units)	95,973 sq.m.	94,371 sq.m.
	744 units	899 units
Percentage of pre-sold	99%	77%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 30 June 2019 [^]	13,252 sq.m.	94,371 sq.m.
	101 units	899 units
Pre-sale value not handed over to buyers as at 30 June 2019 [^] (RMB)	115.1 million	830.1 million
ASP per sq m*	RMB8,684	RMB8,796
Expected completion date	Completed	CY2020 Q2

*: 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 30 June 2019.

The pre-sale value of RMB945.2 million of the 2 projects not handed over to buyers as at 30 June 2019 will only be recognised as revenue upon transfer of control of properties which had been pre-sold to the buyers. 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 (transfer of control of the assets). Consequently, revenue and profit for the Group looking across quarters will appear irregular.

Company Strategies

The Group will continue to work on the sales and construction of its existing projects. The Group is also exploring suitable business opportunities to diversify its core business as it believes that this will provide opportunities to expand its income sources.



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/recommendeded, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the financial period ended 30 June 2019 in order to retain fund for the Group's operations.

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 shareholders for IPTs.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual

The Company confirms that the undertakings under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the SGX-ST Listing Manual.

BY ORDER OF THE BOARD

Wong Lam Ping

Chairman

14 August 2019



NEGATIVE ASSURANCE CONFIRMATION STATEMENT

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 first quarter ended 30 June 2019 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 Director

Wang Cuiping
Executive Director

Date: 14 August 2019