



PAN HONG HOLDINGS GROUP LIMITED

(Incorporated in Bermuda on 20 December 2005)

(Co. Reg. No: 37749)

FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR RESULTS

1(a) An income statement and statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

RMB'000	Group		
	6 months ended 30 September 2020 (Unaudited)	6 months ended 30 September 2019 (Unaudited)	Increase/ (Decrease)
Revenue	1,162,259	586,348	98.2%
Cost of Sales	(730,873)	(399,011)	83.2%
Gross profit	431,386	187,337	130.3%
Other income and other gains and losses	10,425	7,123	46.4%
Selling and distribution expenses	(58,361)	(10,728)	444.0%
Administrative expenses	(8,174)	(6,781)	20.5%
Operating profit	375,276	176,951	112.1%
Finance costs	(214)	(773)	(72.3%)
Profit before income tax	375,062	176,178	112.9%
Income tax expenses	(142,417)	(57,848)	146.2%
Profit for the period	232,645	118,330	96.6%
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)	(100.0%)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations	2,306	(1,019)	(326.3%)
Other comprehensive income for the period	2,306	(1,753)	(231.5%)
Total comprehensive income for the period	234,951	116,577	101.5%
Profit/(loss) for the period attributable to:			
Owners of the Company	232,654	118,330	96.6%
Non-controlling interests	(9)	-	NM
	232,645	118,330	96.6%
Total comprehensive income attributable to:			
Owners of the Company	234,960	116,577	101.5%
Non-controlling interests	(9)	-	NM
	234,951	116,577	101.5%
Earnings per share for profit attributable to the owners of the Company during the period (in RMB cents):			
- Basic and diluted	45.41	23.10	96.6%

*NM: not meaningful

Note:

	Group	
	6 months ended 30 September 2020	6 months ended 30 September 2019
RMB '000	(Unaudited)	(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	214	773
Less: amount capitalised in properties held under development	-	-
	214	773
Depreciation of property, plant and equipment	1,613	817
Less: amount capitalised in properties held under development	(1)	(17)
	1,612	800
Cost of properties held for sale recognised as expense	725,114	395,479
Short term lease expenses	122	110
Less: amount capitalised in properties held under development	(26)	(15)
	96	95
Staff costs, including directors' remuneration		
- Wages and salaries	4,430	4,346
- Retirement benefit scheme contributions - defined contribution plans	918	912
Less: amount capitalised in properties held under development	(594)	(1,314)
	4,754	3,944
and crediting/(charging):		
Interest income	4,516	6,732
Exchange gain/(loss)	4	(2)
Net fair value gain/(loss) on financial assets at fair value through profit or loss	5,638	(254)
Rental income	163	283
Sundry income	104	364

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

	Group		Company	
	30 September 2020 (Unaudited)	31 March 2020 (Audited)	30 September 2020 (Unaudited)	31 March 2020 (Audited)
RMB'000				
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	52,323	49,077	-	-
Investment properties	52,938	52,938	-	-
Investments in subsidiaries	-	-	278,608	278,608
Financial assets at fair value through other comprehensive income	31,550	31,550	19,006	19,006
Deferred tax assets	6,360	6,360	-	-
	143,171	139,925	297,614	297,614
Current assets				
Properties held under development	419,535	1,137,777	-	-
Properties held for sale	478,796	119,656	-	-
Prepayments and other receivables	137,387	526,768	125	125
Contract cost assets	14,404	57,384	-	-
Amounts due from subsidiaries	-	-	352,183	341,222
Financial assets at fair value through profit or loss	24,235	26,443	-	-
Tax recoverable	18,132	50,014	-	-
Structured bank balances	190,000	-	-	-
Cash and bank balances	317,676	470,328	154	155
	1,600,165	2,388,370	352,462	341,502
Current liabilities				
Accounts payable	4,903	4,953	-	-
Accruals and other payables	368,507	427,434	23	244
Contract liabilities	236,927	1,255,611	-	-
Current tax liabilities	163,409	61,786	-	-
Amounts due to related parties	149	3,337	332,358	330,683
Bank and other loans	14,935	19,805	-	-
	788,830	1,772,926	332,381	330,927
Net current assets	811,335	615,444	20,081	10,575
Total assets less current liabilities	954,506	755,369	317,695	308,189
Non-current liabilities				
Deferred tax liabilities	4,716	4,729	-	-
	4,716	4,729	-	-
Net assets	949,790	750,640	317,695	308,189
EQUITY				
Equity attributable to the Company's owners				
Share capital	52,241	52,241	52,241	52,241
Reserves	879,356	683,435	265,454	255,948
	931,597	735,676	317,695	308,189
Non-controlling interests	18,193	14,964	-	-
Total equity	949,790	750,640	317,695	308,189

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

Amount repayable in one year or less, or on demand

As at 30/09/2020		As at 31/03/2020	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
14,935	-	19,805	-

Amount repayable after one year

Nil

Details of any collateral

Bank and other loans of approximately RMB11,931,000 and RMB3,004,000 were secured by the Group's property, plant and equipment, and financial assets at fair value through profit or loss respectively as at 30 September 2020.

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	
	6 months ended 30 September 2020	6 months ended 30 September 2019
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before income tax	375,062	176,178
Adjustments for:		
Interest income	(4,516)	(6,732)
Interest expense	214	773
Depreciation of property, plant and equipment	1,612	800
Net fair value (gain)/loss for financial assets at fair value through profit and loss	(5,638)	254
Operating profit before working capital changes	366,734	171,273
Decrease in properties held under development and properties held for sale	359,103	353,932
Decrease/(increase) in accounts and other receivables and prepayments	389,381	(58,588)
Decrease/(increase) in restricted bank balances	189,096	(61,140)
Decrease/(increase) in contract cost assets	42,980	(15,896)
Decrease in accounts and other payables, accruals and contract liabilities	(1,077,661)	(406,771)
Decrease in financial assets at fair value through profit or loss	7,846	49,045
Cash generated from operations	277,479	31,855
Interest received	4,516	6,732
Income taxes paid	(8,912)	(53,217)
Net cash generated from/(used in) operating activities	273,083	(14,630)
Cash flows from investing activities		
Purchases of property, plant and equipment	(5,242)	(623)
Increase in pledged deposits with original maturity over three months	-	(1,348)
Increase in structured bank balances	(190,000)	(105,500)
Net cash used in investing activities	(195,242)	(107,471)
Cash flows from financing activities		
Repayment to a related company	(3,182)	-
Repayments of bank and other loans	(4,350)	(1,268)
Dividend paid to owners of the Company	(39,039)	(26,062)
Capital injection from non-controlling interests	3,238	-
Interest paid	(214)	(772)
Net cash used in financing activities	(43,547)	(28,102)
Net increase/(decrease) in cash and cash equivalents	34,294	(150,203)
Effect of foreign exchange difference	2,150	1,720
Cash and cash equivalents at beginning of the period	281,232	255,832
Cash and cash equivalents at end of the period (note)	317,676	107,349
Note:		
Analysis of balances of cash and cash equivalents		
Cash and bank balances	317,676	269,879
Less: restricted bank balances	-	(162,530)
	317,676	107,349

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 capitalisation 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	Merger reserve	Statutory reserve	Capital reserve	Fair value through other comprehensive income reserve	Other reserve	Exchange reserve	Retained earnings	Total			
	RMB'000	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 2019 (audited)	52,241	(12,817)	(2,243)	42,748	3,838	3,461	87,128	(12,324)	503,167	665,199	5,656	670,855	
Profit for the period	-	-	-	-	-	-	-	-	118,330	118,330	-	118,330	
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	(1,019)	-	(1,019)	-	(1,019)	
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	(734)	-	-	-	(734)	-	(734)	
Total comprehensive income for the period	-	-	-	-	-	(734)	-	(1,019)	118,330	116,577	-	116,577	
Dividend paid to owners of the Company	-	-	-	-	-	-	-	-	(26,062)	(26,062)	-	(26,062)	
At 30 September 2019 (unaudited)	52,241	(12,817)	(2,243)	42,748	3,838	2,727	87,128	(13,343)	595,435	755,714	5,656	761,370	
At 1 April 2020 (audited)	52,241	(12,817)	(2,243)	57,150	3,838	202	85,333	(11,105)	563,077	735,676	14,964	750,640	
Profit for the period	-	-	-	-	-	-	-	-	232,654	232,654	(9)	232,645	
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	2,306	-	2,306	-	2,306	
Total comprehensive income for the period	-	-	-	-	-	-	-	2,306	232,654	234,960	(9)	234,951	
Dividend paid to owners of the Company	-	-	-	-	-	-	-	-	(39,039)	(39,039)	-	(39,039)	
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	3,238	3,238	
At 30 September 2020 (unaudited)	52,241	(12,817)	(2,243)	57,150	3,838	202	85,333	(8,799)	756,692	931,597	18,193	949,790	

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 2019 (audited)	52,241	(12,817)	59,579	3,461	200,647	303,111
Dividend paid to owners of the Company	-	-	-	-	(26,062)	(26,062)
Profit for the period	-	-	-	-	48,338	48,338
Changes in fair value of financial assets at fair value through other comprehensive income	-	-	-	(734)	-	(734)
At 30 September 2019 (unaudited)	52,241	(12,817)	59,579	2,727	222,923	324,653
At 1 April 2020 (audited)	52,241	(12,817)	59,579	1,206	207,980	308,189
Dividend paid to owners of the Company	-	-	-	-	(39,039)	(39,039)
Profit for the period	-	-	-	-	48,545	48,545
At 30 September 2020 (unaudited)	52,241	(12,817)	59,579	1,206	217,486	317,695

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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	Authorised	Number of shares		Treasury share	Authorised share capital RMB'000	Amount	
			Issued				Issued share capital RMB'000	Treasury share RMB'000
01 April 2020 and 30 September 2020	Balance at beginning and end of the period	5,100,000,000	518,855,024	(6,544,000)	510,000	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 September 2020 was 518,855,024 (31 March 2020: 518,855,024), of which 6,544,000 (31 March 2020: 6,544,000) were held by the Company as treasury shares.

- 1(d)(iv) A statement showing all sales, transfers, 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, transfers, cancellation and/or use of subsidiary holdings as at the end of the current 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.

- 3(A). Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

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 2020, except for the adoption of new and revised International Financial Reporting Standards ("IFRSs") applicable for the financial period beginning on 1 April 2020. 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 2020. 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:-**

(a) Based on the weighted average number of ordinary shares on issue; and

(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	6 months ended 30 September 2020 (Unaudited)	6 months ended 30 September 2019 (Unaudited)
Earnings per ordinary share (in RMB cents) for profit/ attributable to the owners of the Company during the period:		
- Basic and Diluted	45.41	23.10

For significant factors that affected the revenue, 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 RMB232,654,000 for the 6 months ended 30 September 2020 (6 months ended 30 September 2019: RMB118,330,000) divided by weighted average of 512,311,024 ordinary shares (excluding treasury shares) (6 months ended 30 September 2019: the weighted average of 512,311,024) during the period.

Diluted earnings per share for the 6 months ended 30 September 2020 is the same as the basic earnings per share as there are no dilutive potential share (6 months ended 30 September 2019: 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 30/09/2020	As at 31/03/2020	As at 30/09/2020	As at 31/03/2020
Net asset value per ordinary share (in RMB cents)	185.39	146.52	62.01	60.16

Notes:

- (1) The number of ordinary shares of the Company as at 30 September 2020 was 512,311,024 (excluding treasury shares) (31 March 2020: 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 September 2020 was RMB 181.84 cents (31 March 2020: RMB 143.60 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 SIX MONTHS ENDED 30 SEPTEMBER 2020 ("1H2021") COMPARED TO THE PREVIOUS CORRESPONDING SIX MONTHS ENDED 30 SEPTEMBER 2019 ("1H2020")**

Revenue

	Group	
	6 months ended 30 September 2020	6 months ended 30 September 2019
Revenue (RMB'000)	(Unaudited)	(Unaudited)
Residential	1,107,822	502,569
Commercial and others	54,437	83,779
	1,162,259	586,348

The Group's revenue in 1H2021 was RMB1,162.3 million compared to RMB586.3 million in 1H2020, an increase of 576.0 million.

The revenue in 1H2021 was primarily derived from the transfer of control of residential units of Pan Hong Run He (汎港潤合) to buyers. In comparison, the revenue in 1H2020 was primarily derived from the transfer of control of residential units of Pan Hong Run Yuan (汎港潤園) Phase 2 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 RMB399.0 million in 1H2020 to RMB730.9 million in 1H2021. Accordingly, gross profit increased from RMB187.3 million in 1H2020 to RMB431.4 million in 1H2021.

Gross profit margin increased from 31.9% in 1H2020 to 37.1% in 1H2021 as a result of higher selling prices in respect of the property units for Pan Hong Run He being transferred compared to the property units for Pan Hong Run Yuan Phase 2 being transferred in 1H2020.

Other Income and Other Gains and Losses

Other income and other gains and losses mainly consists (i) interest income from bank deposits and other receivables and (ii) net fair value change on financial assets at fair value through profit or loss. Other income and other gains and losses increased from RMB7.1 million in 1H2020 to RMB10.4 million in 1H2021. The increase was mainly attributable to an increase in net fair value change on financial assets at fair value through profit or loss.

Selling and Distribution Expenses

Selling and distribution expenses increased by 444.0% from RMB10.7 million in 1H2020 to RMB58.4 million in 1H2021. The higher selling expenses in 1H2021 was mainly due to higher sales commission expense for Pan Hong Run He.

Administrative Expenses

Administrative expenses increased by 20.5% from RMB6.8 million in 1H2020 to RMB8.2 million in 1H2021, mainly due to increase of office expenses and staff costs in 1H2021.

Finance Costs

Finance costs decreased by 72.3% from RMB773,000 in 1H2020 to RMB214,000 in 1H2021 mainly due to the repayment of a portion of the bank and other loans.

Income Tax Expense

Income tax expense increased from RMB57.8 million in 1H2020 to RMB142.4 million in 1H2021. The increase was mainly attributable to the PRC corporate income tax in the People's Republic of China ("PRC") arising from a higher profit before tax recorded in 1H2021.

Profit for the Period

As a cumulative effect of the foregoing factors, the Group recorded a profit after tax of RMB232.6 million in 1H2021, compared to RMB118.3 million in 1H2020.

Exchange Differences on Translation of Financial Statements of Foreign Operations

Exchange differences on translation of financial statements of foreign operations increased from a loss of RMB1.0 million in 1H2020 to a gain of RMB2.3 million in 1H2021. The increase was mainly due to the appreciation of RMB against Hong Kong Dollar ("HKD") during the financial period that resulted in a translation gain 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 with a profit of RMB235.0 million in 1H2021, comparing to RMB116.6 million in 1H2020.

(b) REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020 AND CASH FLOW FOR 1H2021

Property, Plant and Equipment

As at 30 September 2020, the Group had property, plant and equipment of RMB52.3 million, compared to RMB49.1 million as at 31 March 2020. The increase was mainly due to the purchases of new office equipment and the expenditure on leasehold improvement.

Investment Properties

As at 30 September 2020, the Group had investment properties of RMB52.9 million, there had been no change to the balance as at 31 March 2020.

Financial Assets at Fair Value Through Other Comprehensive Income

As at 30 September 2020, the balance of approximately RMB31.6 million (31 March 2020: RMB31.6 million) representing the fair value of 16.6% (31 March 2020: 16.6%) equity interest in Zhejiang Gene Stem Cell Biotech Company Limited held 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 RMB24.2 million as at 30 September 2020 from RMB26.4 million as at 31 March 2020. The decrease was mainly due to the net effect of realisation of financial assets at fair value through profit or loss and net fair value gain during the period.

Properties Held Under Development

The Group's properties held under development decreased by RMB718.3 million from RMB1,137.8 million as at 31 March 2020 to RMB419.5 million as at 30 September 2020. The decrease was mainly due to the net effect of the completion of Pan Hong Run He's construction and the completion of the transfer of title of a parcel of land acquired in the last financial year with the prepaid consideration of RMB275.0 million being transferred to properties held under development from prepayments and other receivables in current financial period.

Properties Held for Sale

Properties held for sale increased from RMB119.7 million as at 31 March 2020 to RMB478.8 million as at 30 September 2020, mainly due to the net effect of the completion of Pan Hong Run He's construction and the transfer of control of completed properties of Pan Hong Run He to the buyers.

Prepayments and Other Receivables

The Group's prepayments and other receivables decreased from RMB526.8 million as at 31 March 2020 to RMB137.4 million as at 30 September 2020. The decrease was mainly due to the completion of the transfer of title of a parcel of land acquired in the last financial year with the prepaid consideration of RMB275.0 million being transferred to properties held under development in current financial period.

Contract Cost Assets

The Group's contract cost assets decreased from RMB57.4 million as at 31 March 2020 to RMB14.4 million as at 30 September 2020, since a portion of the capitalised incremental costs for obtaining sales contracts of its property project under pre-sale stage was expensed upon transfer of control of completed units in current financial period.

Tax Recoverable

Tax recoverable decreased from approximately RMB50.0 million as at 31 March 2020 to approximately RMB18.1 million as at 30 September 2020 mainly due to utilisation of prepaid income taxes by the Group.

Structured Bank Balances

As at 30 September 2020, the structured bank balances, denominated in RMB, were interest-bearing and not quoted in an active market. The principal amount together with the interest would be returned to the Group anytime upon request or within 60 days. As at 30 September 2020, the balance was 190.0 million.

Accounts Payable, Accruals, Other Payables and Contract Liabilities

Accounts payable decreased to RMB4.9 million as at 30 September 2020 from RMB5.0 million as at 31 March 2020, 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 decreased from approximately RMB427.4 million as at 31 March 2020 to approximately RMB368.5 million as at 30 September 2020. The decrease was mainly due to the payment of accrued contract costs to contractors.

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 RMB1,255.6 million as at 31 March 2020 to approximately RMB236.9 million as at 30 September 2020. The decrease was mainly due to the revenue recognised upon transfer of control of property units of Pan Hong Run He.

Current Tax Liabilities

Current tax liabilities increased from RMB61.8 million as at 31 March 2020 to RMB163.4 million as at 30 September 2020. The increase was mainly attributable to net effect of income tax liabilities derived from profit recorded by the Group's subsidiaries and payment of income tax during the financial period.

Amounts Due to Related Parties

Amounts due to related parties decreased from RMB3.3 million as at 31 March 2020 to RMB149,000 as at 30 September 2020 due to repayment of amount payable to non-controlling interests of a subsidiary.

Bank and other loans

As at 30 September 2020, the Group had bank and other loans of RMB14.9 million, a decrease from RMB19.8 million as at 31 March 2020, mainly due to the settlement of bank and other loans during the financial period.

Bank and other loans of approximately RMB11.9 million and RMB3.0 million were secured by the Group's property, plant and equipment, and financial assets at fair value through profit or loss respectively as at 30 September 2020.

Based on the Group's total equity of RMB949.8 million, the Group recorded a net gearing ratio (total bank and other loans/total equity) of 1.6% as at 30 September 2020, compared to 2.6% as at 31 March 2020.

Cash Flow Analysis

In 1H2021, the Group recorded RMB273.1 million of net cash generated from operating activities which was mainly due to the net effect of the receipts from property buyers, the release of restricted bank balances upon completion of property project, the progress payment for the construction and payment of income tax.

Net cash used in investing activities in 1H2021 amounted to RMB195.2 million, mainly due to an increase in structured bank balances.

Net cash used in financing activities in 1H2021 amounted to RMB43.5 million, mainly due to payment of dividend to the owners of the Company and repayment of bank and other loans and interest during the period.

As at 30 September 2020, the Group had cash and cash equivalents of RMB317.7 million.

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

The financial results for the six months ended 30 September 2020 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 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 August and September 2020 of 59 and 55 out of a statistical pool of 70 major PRC cities respectively. On a year-on-year basis, the 59 out of 70 major cities recorded a higher price in September 2020.

On the broader economic front, according to the National Bureau of Statistics, the PRC's gross domestic product (GDP) growth for the second and third quarter of 2020 have rebounded to 3.2% and 4.9% respectively. The national economy has shown signs of overcoming the adverse impact of the epidemic in the first half-year gradually and demonstrated a momentum of restorative growth and gradual recovery.

Company Update

Property Pre-sales

Subsequent to the completion of the Pan Hong Run He project, the Group currently has no property project which is at pre-sale stage as at the date of this announcement.

The Company expects to launch the pre-sale of Huzhou Delong Project located in Taihu Meidong, Huzhou, Zhejiang Province in the second quarter of 2021. For more details of the project, please refer to the Company's announcement dated 20 January 2020.

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. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No.

(b)(i) Amount per share

NIL

(ii) Previous corresponding period

Name of proposed dividend: Interim
Dividend type: Cash
Dividend amount per share: S\$0.005 per ordinary share (tax not applicable)
Par value per share: HK\$0.10
Tax rate: Tax not applicable

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

NIL

(d) The date the dividend is payable.

NIL

(e) The date on which Registrable Transfers received by the company (up to 5.00 p.m.) will be registered before entitlements to the dividend are determined.

NIL

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the six months ended 30 September 2020 in order to retain fund for the Group's daily 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.

Save for the RMB150,000,000 revolving loan facility to Hangzhou Ganglian Real Estate Company Limited at a fixed interest rate of 9.35% ("Loan Facility") which was approved at a Special General Meeting held on 5 February 2020, it was noted that the values of the IPTs that were transacted for the half year ended 30 September 2020 were below the various threshold limits as set out under Chapter 9 of the SGX-ST Listing Manual.

As at 30 September 2020, the total outstanding loan balance under the Loan Facility is RMB41,000,000 and the interest amount charged by the Group for the six months ended 30 September 2020 was RMB2,347,000.



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 Sum

Chairman

11 November 2020



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 six months ended 30 September 2020 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 Sum
Executive Director

Wang Cuiping
Executive Director

Date: 11 November 2020