



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 2021

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.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

RMB'000	Group		
	6 months ended 30 September 2021 (Unaudited)	6 months ended 30 September 2020 (Unaudited)	Increase/ (Decrease)
Revenue	280,866	1,162,259	(75.8%)
Cost of Sales	(176,142)	(730,873)	(75.9%)
Gross profit	104,724	431,386	(75.7%)
Other income and other gains and losses	26,058	10,425	150.0%
Selling and distribution expenses	(3,563)	(58,361)	(93.9%)
Administrative expenses	(9,002)	(8,174)	10.1%
Operating profit	118,217	375,276	(68.5%)
Finance costs	(101)	(214)	(52.8%)
Profit before income tax	118,116	375,062	(68.5%)
Income tax expenses	(35,933)	(142,417)	(74.8%)
Profit for the period	82,183	232,645	(64.7%)
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	118	2,306	(94.9%)
Other comprehensive income for the period	118	2,306	(94.9%)
Total comprehensive income for the period	82,301	234,951	(65.0%)
Profit/(loss) for the period attributable to:			
Owners of the Company	82,479	232,654	(64.5%)
Non-controlling interests	(296)	(9)	3,188.9%
	82,183	232,645	(64.7%)
Total comprehensive income attributable to:			
Owners of the Company	82,597	234,960	(64.8%)
Non-controlling interests	(296)	(9)	3,188.9%
	82,301	234,951	(65.0%)
Earnings per share for profit attributable to the owners of the Company during the period (in RMB cents):			
- Basic and diluted	16.10	45.41	(64.5%)

*NM: not meaningful

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.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30 September 2021 (Unaudited)	31 March 2021 (Audited)	30 September 2021 (Unaudited)	31 March 2021 (Audited)
RMB'000				
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	48,668	56,815	-	-
Investment properties	59,515	53,475	-	-
Investments in subsidiaries	-	-	278,608	278,608
Investments in associates	2,000	2,000	-	-
Financial asset at fair value through other comprehensive income	28,464	28,464	17,147	17,147
Deferred tax assets	6,360	5,669	-	-
	145,007	146,423	295,755	295,755
Current assets				
Properties held under development	476,606	434,519	-	-
Properties held for sale	204,535	387,476	-	-
Accounts receivable	-	15,884	-	-
Prepayments and other receivables	671,377	263,822	125	125
Amounts due from subsidiaries	-	-	365,554	352,183
Financial assets at fair value through profit or loss	6,758	28,288	-	-
Tax recoverable	12,690	27,348	-	-
Cash and bank balances	105,868	369,638	154	154
	1,477,834	1,526,975	365,833	352,462
Current liabilities				
Accounts payable	3,661	3,714	-	-
Accruals and other payables	131,393	216,996	177	23
Contract liabilities	17,212	231,711	-	-
Current tax liabilities	199,777	214,511	-	-
Amounts due to related parties	70,141	143	334,990	333,480
Bank loans	8,891	10,251	-	-
	431,075	677,326	335,167	333,503
Net current assets	1,046,759	849,649	30,666	18,959
Total assets less current liabilities	1,191,766	996,072	326,421	314,714
Non-current liabilities				
Bank loans	150,000	-	-	-
Deferred tax liabilities	4,654	4,632	-	-
	154,654	4,632	-	-
Net assets	1,037,112	991,440	326,421	314,714
EQUITY				
Equity attributable to the owners of the Company				
Share capital	52,241	52,241	52,241	52,241
Reserves	964,575	918,607	274,180	262,473
	1,016,816	970,848	326,421	314,714
Non-controlling interests	20,296	20,592	-	-
Total equity	1,037,112	991,440	326,421	314,714

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 30/09/2021		As at 31/03/2021	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
8,891	-	10,251	-

Amount repayable after one year

As at 30/09/2021		As at 31/03/2021	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
150,000	-	-	-

Details of any collateral

Bank loans of approximately RMB8,891,000 and RMB150,000,000 were secured by the Group's property, plant and equipment, and property under development respectively as at 30 September 2021.

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.
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

RMB'000	Group	
	6 months ended 30 September 2021	6 months ended 30 September 2020
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Profit before income tax	118,116	375,062
Adjustments for:		
Interest income	(4,294)	(4,516)
Interest expense	101	214
Depreciation of property, plant and equipment	1,365	1,612
Gain on disposal of property, plant and equipment	(6,786)	-
Gain on disposal of financial assets at fair value through profit and loss	(15,714)	-
Net fair value loss/(gain) for financial assets at fair value through profit and loss	3,118	(5,638)
Net fair value gain of investment properties	(1,450)	
Operating profit before working capital changes	94,456	366,734
Decrease in properties held under development and properties held for sale	136,420	359,103
(Increase)/decrease in accounts and other receivables and prepayments	(389,078)	389,381
Decrease in restricted bank balances	(1,309)	189,096
Decrease in contract cost assets	-	42,980
Decrease in accounts and other payables, accruals and contract liabilities	(298,733)	(1,077,661)
Decrease in financial assets at fair value through profit or loss	34,126	7,846
Cash (used in)/generated from operations	(424,118)	277,479
Interest received	4,294	4,516
Income taxes paid	(36,700)	(8,912)
Net cash (used in)/generated from operating activities	(456,524)	273,083
Cash flows from investing activities		
Purchases of property, plant and equipment	(278)	(5,242)
Proceeds from disposals of property, plant and equipment	14,704	-
Increase in structured bank balances	-	(190,000)
Net cash generated from/(used in) investing activities	14,426	(195,242)
Cash flows from financing activities		
Advance/(repayment) from/(to) related parties	70,000	(3,182)
Proceeds from new borrowings	150,000	-
Repayments of bank and other loans	(1,194)	(4,350)
Dividend paid to owners of the Company	(36,629)	(39,039)
Capital injection from non-controlling interests	-	3,238
Interest paid	(4,272)	(214)
Net cash generated from/(used in) financing activities	177,905	(43,547)
Net (decrease)/increase in cash and cash equivalents	(264,193)	34,294
Effect of foreign exchange difference	(886)	2,150
Cash and cash equivalents at beginning of the period	368,756	281,232
Cash and cash equivalents at end of the period (note)	103,677	317,676
Note:		
Analysis of balances of cash and cash equivalents		
Cash and bank balances	105,868	317,676
Less: restricted bank balances	(2,191)	-
	103,677	317,676

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.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

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 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
At 1 April 2021 (audited)	52,241	(12,817)	(2,243)	87,430	3,838	(2,884)	85,452	(10,743)	770,574	970,848		20,592	991,440
Profit for the period	-	-	-	-	-	-	-	-	82,479	82,479		(296)	82,183
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	118	-	118	-	-	118
Total comprehensive income for the period	-	-	-	-	-	-	-	118	82,479	82,597		(296)	82,301
Dividend paid to owners of the Company	-	-	-	-	-	-	-	-	(36,629)	(36,629)		-	(36,629)
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-
At 30 September 2021 (unaudited)	52,241	(12,817)	(2,243)	87,430	3,838	(2,884)	85,452	(10,625)	816,424	1,016,816		20,296	1,037,112

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 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
At 1 April 2021 (audited)	52,241	(12,817)	59,579	(653)	216,364	314,714
Dividend paid to owners of the Company	-	-	-	-	(36,629)	(36,629)
Profit for the period	-	-	-	-	48,336	48,336
At 30 September 2021 (unaudited)	52,241	(12,817)	59,579	(653)	228,071	326,421

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Pan Hong Holdings Group Limited (the “Company”) was incorporated in Bermuda under the laws of Bermuda on 20 December 2005 as an exempted company with limited liability. The Company’s shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”).

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Room 1214, Tower B, Hunghom Commercial Centre, 37-39 Ma Tau Wai Road, Hunghom, Hong Kong. The Company does not have a place of business in Singapore as at the date of this report.

The principal activity of the Company is investment holding.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 September 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 March 2021.

Save for the adoption of new and amended standards as set out in Note 2.1, the accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The condensed interim financial statements are presented in Renminbi (RMB) which is the Company’s functional currency and all values are rounded to the nearest thousand (RMB’000), except when otherwise indicated.

2.1 New and amended standards adopted by the Group

A number of new or amended standards that were first effective for the current accounting period of the Group had been issued:

Amendments to IAS 39, IFRS 4, IFRS 7, IFRS 9 and IFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021

The adoption of new or amended standards that were effective from 1 April 2021 did not have any material impact on the Group’s accounting policies.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In view of the current Covid-19 pandemic, it will likely cause significant disruptions to economic activities, and the uncertainties associated with accounting estimates and assumptions may also be increased accordingly. The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the financial year ended 31 March 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.



2.3. Fair value measurement for investment properties

The Group engaged a firm of independent qualified professional surveyors to assess the fair value of the Group's investment properties as at the end of each financial year. Such fair values are determined by the real estate valuation experts using recognised valuation techniques. The valuation of the investment properties is generally derived based on the income approach by taking into account the net rental income derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions that are relevant to the valuation if such information is reasonably available.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

For the unaudited half year results for the period ended 30 September 2021, the fair value of the Group's investment properties was based on the independent valuations as at 31 March 2021 and taking into account capitalised expenditure and leasing costs during the six-month period.

Management has assessed that the inputs and assumptions used by the valuers in the valuation techniques for their valuation as at 31 March 2021, such as term yield and reversionary yield, remain appropriate and reflect the current market conditions of the People's Republic of China ("PRC") as at 30 September 2021.

An external valuation of the Group's investment properties will be performed as at the end of the financial year, in line with IFRS 13 Fair Value Measurement guidance.

3. Seasonal operations

The Group's businesses were not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment information

The Group is principally engaged in the business of property development in PRC. For the periods presented, executive directors have determined that the Group has only one single component/reportable segment as the Group is only engaged in the business of sale and lease of properties which is the basis to allocate and assess the Group's performance.

The single operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segment, have been identified as the executive directors that make strategic decisions.

The Group's revenue from external customers is derived from the PRC (country of domicile) and its non-current assets (other than deferred tax assets) are located in the PRC. There is no single customer that contributed to 10% or more of the Group's revenue for the six months ended 30 September 2021.

The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the non-current assets is based on the physical location of the asset.

5. Revenue, other income and other gains and losses

	Group	
	1H2022	1H2021
	RMB'000	RMB'000
Revenue		
Sale of properties held for sale	280,866	1,162,259
Other income and other gains and losses		
Exchange gain, net	-	4
Gain on disposal of financial assets at FVTPL	15,714	-
Net fair value (loss)/gain on financial assets at FVTPL	(3,118)	5,638
Net fair value (loss)/gain of investment properties	1,450	-
Gain on disposal of property, plant and equipment	6,786	-
Interest income		
- from bank deposits	482	664
- from other receivables	2,420	2,347
- from structured bank balances	1,392	1,210
- other financial assets at amortised cost	-	295
	4,294	4,516
Rental income	877	163
Sundry income	55	104
	26,058	10,425

6. Profit before income tax

	Group	
	1H2022	1H2021
	RMB'000	RMB'000
Depreciation of property, plant and equipment	1,365	1,612
Cost of properties held for sale recognised as expense	175,758	725,114
Short-term lease expenses	122	122
Less: amount capitalised in properties held under development	-	(26)
	122	96
Employee costs, including directors' remuneration		
- Wages and salaries	4,558	4,430
- Retirement benefit scheme contributions - defined contribution plans	820	918
Less: amount capitalised in properties held under development	(1,592)	(594)
	3,786	4,754

7. Income tax expense

	Notes	Group	
		1H2022 RMB'000	1H2021 RMB'000
Current tax – PRC			
- Enterprise income tax (“EIT”)	(a)	22,887	77,868
- LAT	(b)	13,737	64,009
		36,624	141,877
Deferred income tax (credit)/expense		(691)	540
Total income tax expense		35,933	142,417

Notes:

- (a) EIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (1H2021: 25%).

Under the law of the PRC on EIT, corporate withholding income tax is levied on the foreign investor for the dividends distributed out of the profits generated by the foreign investment enterprises. The Group’s applicable withholding income tax rate is 5% (1H2021: 5%).

- (b) LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including cost of land use rights, borrowing costs, and all property development expenditures. The tax is incurred upon transfer of property ownership. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.

8. Dividends

	Group	
	1H2022 RMB'000	1H2021 RMB'000
Final dividends paid in respect of prior year	36,629	39,039

On 28 May 2020, the directors proposed a final dividend of S\$0.015 per ordinary share (tax not applicable), amounting to approximately S\$7,685,000 (equivalent to RMB39,039,000) for the year ended 31 March 2020, and was formally approved by the shareholders at the annual general meeting held on 29 July 2020.

On 25 May 2021, the directors proposed a final dividend of S\$0.015 per ordinary share (tax not applicable), amounting to approximately S\$7,685,000 (equivalent to RMB36,629,000) for the year ended 31 March 2021, and was formally approved by the shareholders at the annual general meeting held on 28 July 2021.

The Board has resolved not to declare the payment of an interim dividend to the Shareholders for 1H2022 (1H2021: nil).

9. Fair value measurement

The following table presents financial assets and liabilities measured at fair value in the condensed consolidated statement of financial position in accordance with the fair value hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety based on the lowest level of input that is significant to the fair value measurement.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 September 2021				
Financial assets at fair value through profit or loss				
Securities held for trading - Listed	6,758	-	-	6,758
Financial assets at fair value through other comprehensive income				
Unlisted equity investment	-	-	28,464	28,464
As at 31 March 2021				
Financial assets at fair value through profit or loss				
Securities held for trading - Listed	28,288	-	-	28,288
Financial assets at fair value through other comprehensive income				
Unlisted equity investment	-	-	28,464	28,464

10. Earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the following data:

	Group	
	1H2022 RMB'000	1H2021 RMB'000
Current:		
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	82,479	232,654
Number of shares		
Number of ordinary shares in issue during the period for the purpose of calculating basic earnings per share	512,311,024	512,311,024

The diluted earnings per share is the same as the basic earnings per share, as the Group has no dilutive potential shares during the current and prior periods.

11. Prepayment and other receivables

	Notes	Group	
		30/09/2021 RMB'000	31/03/2021 RMB'000
Prepayments	(a)	556,954	61,767
Other receivables	(b)	114,423	202,055
		671,377	263,822

Notes:

- (a) As at 30 September 2021, prepayment included advances of RMB148,128,000 (31 March 2021: RMB60,409,000) made to contractors for purchase of construction materials.

On 30 April 2021, the Group has made a successful bid for the land use rights of a land located in Shanwei City, Guangdong Province in PRC at a total consideration of RMB717,000,000. The Group had paid RMB408,500,000 of the consideration as of 30 September 2021.

- (b) As at 30 September 2021, other receivables of the Group due from certain independent third parties of approximately RMB20,600,000 (31 March 2021: RMB20,600,000) were unsecured, interest-bearing at interest rate ranging from 8% to 12% (31 March 2021: 8% to 12%) and repayable within one year or on demand.

During the year ended 31 March 2020, the Group has entered into a RMB150 million revolving loan facility agreement with Hangzhou Ganglian Real Estate Company Limited, in which Mr. Wong Lam Ping, the controlling shareholder of the Company, is the beneficial owner, and formal approval by the shareholders was obtained at the special general meeting held on 5 February 2020. As at 30 September 2021, the outstanding balance of RMB13,037,000 (31 March 2021: RMB142,490,000) was included in other receivables and guaranteed by Mr. Wong Lam Ping, interest-bearing at a fixed interest rate of 9.35% (31 March 2021: 9.35%), repayable within a year after the reporting date and subject to a repayment on demand clause.

12. Amounts due to related parties

	Group	
	30/09/2021 RMB'000	31/03/2021 RMB'000
Amounts due to:		
- a related company	141	143
- a related person	70,000	-
	70,141	143

Amounts due to related parties were unsecured, non-interest bearing and repayable on demand and to be settled in cash.

As at 30 September 2021 and 31 March 2021, amount due to a related company comprised balances due to Pan Hong Company Limited, in which Mr. Wong Lam Ping, the controlling shareholder of the Company, is the beneficial owner.

As at 30 September 2021, amount due to a related person comprised balances due to Mr. Wong Ching, who is the son of Mr. Wong Lam Ping, the controlling shareholder of the Company. Mr. Wong Ching is also the brother of Mr. Wong Sum, the Company's Executive Chairman.

13. Bank loans

The calculation of basic earnings per share attributable to owners of the Company is based on the following data:

	Group	
	30/09/2021 RMB'000	31/03/2021 RMB'000
Current:		
Portion of bank loans due for repayment within one year which contain repayment on demand clause	2,382	2,421
Portion of bank loans due for repayment after one year which contain repayment on demand clause	6,509	7,830
	8,891	10,251
Non-current:		
Portion of bank loans due for repayment after one year	150,000	-
Total bank loans	158,891	10,251

14. Share capital

	Number of shares	RMB'000
Authorised:		
Ordinary shares		
At 1 April 2020 and 31 March 2021 and 30 September 2021	5,100,000,000	517,374
Issued and fully paid:		
Ordinary shares		
At 1 April 2020 and 31 March 2021 and 30 September 2021	518,855,024	52,241

Ordinary shares

Fully paid ordinary shares carry one vote per share. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company.

Treasury shares

Pursuant to the resolutions approved by the shareholders at the special general meeting held on 22 July 2009, for the proposal of (i) amendments to the Bye-laws of the Company; and (ii) adoption of Share Purchase Mandate, the details of which were set out in the Company's circular dated 29 June 2009, to rationalise the Company the flexibility to undertake share purchase at any time, subject to market conditions, during the validity period of the Share Purchase Mandate. The directors believed that the Share Purchase Mandate provided the Company with a mechanism to facilitate the return of any surplus cash in excess of the Group's working capital requirements in an expedient and cost-efficient manner.

Details of treasury shares of the Company are summarised as below:

	Number of shares	RMB'000
At 1 April 2020 and 31 March 2021 and 30 September 2021	6,544,000	12,817

15. Related party transactions

In addition to the transactions and balances disclosed elsewhere in these condensed interim financial statements, the Group had the following material related party transactions:

		Group	
	Notes	1H2022 RMB'000	1H2021 RMB'000
Car park rental expense charged by - Spouse of Mr. Wong Lam Ping	(a)	150	163
Rental income charged to - A related company	(b)	25	27
Interest income charged to - A related company	(b)	2,420	2,347

Notes:

- (a) During the six months period ended 30 September 2021 and 30 September 2020, Ms. Chan Heung Ling (“Ms. Chan”), the spouse of Mr. Wong Lam Ping, entered into an agreement of car park rental for HK\$60,000 per year.
- (b) Mr. Wong Lam Ping and Ms. Chan have beneficial interests in these related companies.

- 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	Number of shares			Amount		
		Authorised	Issued	Treasury share	Authorised share capital RMB'000	Issued share capital RMB'000	Treasury share RMB'000
01 April 2021 and 30 September 2021	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 2021 was 518,855,024 (31 March 2021: 518,855,024), of which 6,544,000 (31 March 2021: 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 2021, except for the adoption of new and revised International Financial Reporting Standards ("IFRSs") applicable for the financial period beginning on 1 April 2021. 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 2021. 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 2021 (Unaudited)	6 months ended 30 September 2020 (Unaudited)
Earnings per ordinary share (in RMB cents) for profit/ attributable to the owners of the Company during the period:		
- Basic and Diluted	16.10	45.41

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 RMB82,479,000 for the six months ended 30 September 2021 (six months ended 30 September 2020: RMB232,654,000) divided by weighted average of 512,311,024 ordinary shares (excluding treasury shares) (six months ended 30 September 2020: the weighted average of 512,311,024) during the period.

Diluted earnings per share for the six months ended 30 September 2021 is the same as the basic earnings per share as there are no dilutive potential share (six months ended 30 September 2020: 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 30/09/2021	As at 31/03/2021	As at 30/09/2021	As at 31/03/2021
Net asset value per ordinary share (in RMB cents)	202.44	193.52	63.72	61.43

Notes:

- (1) The number of ordinary shares of the Company as at 30 September 2021 was 512,311,024 (excluding treasury shares) (31 March 2021: 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 2021 was RMB 198.48 cents (31 March 2021: RMB 189.50 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 2021 ("1H2022") COMPARED TO THE PREVIOUS CORRESPONDING SIX MONTHS ENDED 30 SEPTEMBER 2020 ("1H2021")**

Revenue

	Group	
	6 months ended 30 September 2021	6 months ended 30 September 2020
Revenue (RMB'000)	(Unaudited)	(Unaudited)
Residential	214,723	1,107,822
Commercial and others	66,143	54,437
	280,866	1,162,259

The Group's revenue in 1H2022 was RMB280.9 million compared to RMB1,162.3 million in 1H2021, a decrease of 881.4 million.

The revenue in 1H2022 and 1H2021 was primarily derived from the transfer of control of residential units of Pan Hong Run He (汎港潤合) to buyers. The decrease of revenue of 1H2022 was due to fewer number of units being transferred to the buyers than that of 1H2021.

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 decrease in revenue, cost of sales decreased from RMB730.9 million in 1H2021 to RMB176.1 million in 1H2022. Accordingly, gross profit decreased from RMB431.4 million in 1H2021 to RMB104.7 million in 1H2022.

Gross profit margin slightly increased from 37.1% in 1H2021 to 37.3% in 1H2022 as a result of similar selling prices in respect of the property units for Pan Hong Run He being transferred compared to 1H2021.

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, (ii) gain on disposal of financial assets at fair value through profit or loss and (iii) gain on disposal of property, plant and equipment. Other income and other gains and losses increased from RMB10.4 million in 1H2021 to RMB26.1 million in 1H2022. The increase was mainly attributable to an increase in gain on disposal of financial assets at fair value through profit or loss and gain on disposal of property, plant and equipment.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 93.9% from RMB58.4 million in 1H2021 to RMB3.6 million in 1H2022. The lower selling expenses in 1H2022 was mainly due to lower sales commission expense incurred.

Administrative Expenses

Administrative expenses increased by 10.1% from RMB8.2 million in 1H2021 to RMB9.0 million in 1H2022, mainly due to increase of office expenses and other tax expenses in 1H2022.

Finance Costs

Finance costs decreased by 52.8% from RMB214,000 in 1H2021 to RMB101,000 in 1H2022 mainly due to the repayment of a portion of the bank loans for normal working capital purpose.

Income Tax Expense

Income tax expense decreased from RMB142.4 million in 1H2021 to RMB35.9 million in 1H2022. The decrease was mainly attributable to the PRC corporate income tax in the PRC arising from a lower profit before tax recorded in 1H2022.

Profit for the Period

As a cumulative effect of the foregoing factors, the Group recorded a profit after tax of RMB82.2 million in 1H2022, compared to RMB232.6 million in 1H2021.

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 RMB2.3 million in 1H2021 to a gain of RMB0.1 million in 1H2022. The decrease 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 RMB82.3 million in 1H2022, comparing to RMB235.0 million in 1H2021.

(b) REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021 AND CASH FLOW FOR 1H2022

Property, Plant and Equipment

As at 30 September 2021, the Group had property, plant and equipment of RMB48.7 million, compared to RMB56.8 million as at 31 March 2021. The decrease was mainly due to disposal of various self-use commercial properties.

Investment Properties

As at 30 September 2021, the Group had investment properties of RMB59.5 million compared to RMB53.5 million as at 31 March 2021. The increase was mainly due to the transfer of property held for sale to investment properties in 1H2022.

Financial Assets at Fair Value Through Other Comprehensive Income

As at 30 September 2021, the balance of approximately RMB28.5 million (31 March 2021: RMB28.5 million) representing the fair value of 16.6% (31 March 2021: 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 RMB6.8 million as at 30 September 2021 from RMB28.3 million as at 31 March 2021. The decrease was mainly due to the realisation of financial assets at fair value through profit or loss during the period.

Properties Held Under Development

The Group's properties held under development increased by RMB42.1 million from RMB434.5 million as at 31 March 2021 to RMB476.6 million as at 30 September 2021. The increase was mainly due to the construction costs incurred for Run Ze Yuan (润泽园) during the period.

Properties Held for Sale

Properties held for sale decreased from RMB387.5 million as at 31 March 2021 to RMB204.5 million as at 30 September 2021, mainly due to 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 increased from RMB263.8 million as at 31 March 2021 to RMB671.4 million as at 30 September 2021. The increase was mainly due to the prepaid consideration of RMB408.5 million for the land parcel located in Shanwei City, Guangdong Province, made in the current financial period.

Tax Recoverable

Tax recoverable decreased from approximately RMB27.3 million as at 31 March 2021 to approximately RMB12.7 million as at 30 September 2021 mainly due to utilisation of prepaid EIT and LAT by the Group.

Accounts Payable, Accruals, Other Payables and Contract Liabilities

Accounts payable decreased to RMB3,661,000 as at 30 September 2021 from RMB3,714,000 as at 31 March 2021, 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 RMB217.0 million as at 31 March 2021 to approximately RMB131.4 million as at 30 September 2021. 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 RMB231.7 million as at 31 March 2021 to approximately RMB17.2 million as at 30 September 2021. 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 decreased from RMB214.5 million as at 31 March 2021 to RMB199.8 million as at 30 September 2021. The decrease 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 increased from RMB143,000 as at 31 March 2021 to RMB70.1 million as at 30 September 2021 due to a cash advance of RMB70 million provided to the Group to finance the acquisition of land use rights of a land located in Shanwei City, by Mr. Wong Ching, who is the son of Mr. Wong Lam Ping, the controlling shareholder of the Company. Mr. Wong Ching is also the brother of Mr. Wong Sum, the Company's Executive Chairman.

All amounts due to related parties were unsecured, non-interest bearing and repayable on demand.

Bank Loans

As at 30 September 2021, the Group had bank loans of RMB158.9 million, an increase from RMB10.3 million as at 31 March 2021, mainly due to the drawdown of new bank loans during the financial period.

Bank loans of approximately RMB8.9 million and RMB150.0 million were secured by the Group's property, plant and equipment, and properties under development respectively as at 30 September 2021.

Based on the Group's total equity of RMB1,037.1 million, the Group recorded a net gearing ratio (total bank loans/total equity) of 15.3% as at 30 September 2021, compared to 1.0% as at 31 March 2021.

Cash Flow Analysis

In 1H2022, the Group recorded RMB456.5 million of net cash used in operating activities which was mainly due to the net effect of the receipts from property buyers, payment for land use rights of a land located in Shanwei City, Guangdong Province in PRC, progress payment for the construction and payment of income tax.

Net cash generated from investing activities in 1H2022 amounted to RMB14.4 million, mainly due to proceeds from disposal of property, plant and equipment.

Net cash generated from financing activities in 1H2022 amounted to RMB177.9 million, mainly due to net effect of payment of dividend to the owners of the Company and proceeds from new bank loans made and advance from related party during the period.

Included in bank balances and cash are restricted bank balances of RMB2.2 million (31 March 2021: RMB882,000) which can only be applied in the designated property development project(s). As at 30 September 2021, the Group had cash and cash equivalents of RMB103.7 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 2021 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

During the reporting period, recovery of the PRC's national economy from the Covid-19 pandemic in 2020 was evidenced by close to 5% GDP growth year-on-year for the third quarter of 2021. The country's real estate market regulatory and control measures have also been improved under the policy of "houses are for living in, not for speculation". With the introduction of deleveraging requirements, mortgage concentration management and concentrated land auctions, the property development industry is moving towards a more stable and sustainable future in the longer term.

According to the official data published by the National Bureau of Statistics:

Growth of gross domestic product - GDP (year-on-year basis):

Second quarter 2021	7.9%
Third quarter 2021	4.9%

New home price changes for statistics pool of 70 major PRC cities (month-on-month basis):

	Increased	Unchanged	Decreased
August 2021	45	4	21
September 2021	27	6	37

New home price changes for statistics pool of 70 major PRC cities (year-on-year basis):

	Increased	Unchanged	Decreased
August 2021	58	1	11
September 2021	58	0	12

In the short to medium term, investment appetite of some potential property buyers is expected to remain weak in the wake of financial instabilities of some large highly leveraged developers, resulting in decreased sales and fluctuating house prices. However, as the Group's products are primarily positioned to satisfy home buyers who are owner occupiers, it is cautiously optimistic that core housing demand will pick up as real estate regulatory and control policies take effect and market confidence returns gradually.

Company Update

Property Pre-sales

The cumulative results for the pre-sale and delivery of properties under each project up to 8 November 2021 are summarised as follows:

Residential Units

	Run Ze Yuan
Est. total GFA released for sale (total units)	63,471 sq.m.
	672 units
Est. total GFA pre-sold (total units)	1,719 sq.m.
	19 units
Percentage of pre-sold	3%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 30 September 2021 ^	1,719 sq.m.
	19 units
Pre-sale value not handed over to buyers as at 30 September 2021 ^ (RMB)	21.6 million

ASP per sq m*	RMB12,540
Expected completion date	CY2023 Q3

*: 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 September 2021.

The pre-sale value of RMB21.6 million of the project not handed over to buyers as at 30 September 2021 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 while monitoring closely the changes and effects of government policies and market trends.

The Group will also carefully assess and filter investment opportunities for both its core property development business and potential business growth areas to capitalise on its management expertise and strong financial position.

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

NIL

(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 2021 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 2021 were below the various threshold limits as set out under Chapter 9 of the SGX-ST Listing Manual.

As at 30 September 2021, the total outstanding loan balance under the Loan Facility is RMB13,037,000 and the interest amount charged by the Group for the six months ended 30 September 2021 was RMB2,420,000.

- 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
10 November 2021



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 2021 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: 10 November 2021