



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 2022

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 2022	6 months ended 30 September 2021	Increase/ (Decrease)
	(Unaudited)	(Unaudited)	
Revenue	18,495	280,866	(93.4%)
Cost of Sales	(8,322)	(176,142)	(95.3%)
Gross profit	10,173	104,724	(90.3%)
Other income and other gains and losses	2,004	26,058	(92.3%)
Selling and distribution expenses	(3,028)	(3,563)	(15.0%)
Administrative expenses	(7,801)	(9,002)	(13.3%)
Share of loss of an associate	(5)	-	NM
Operating profit	1,343	118,217	(98.9%)
Finance costs	(1,718)	(101)	1,601.0%
(Loss)/profit before income tax	(375)	118,116	(100.3%)
Income tax expenses	(4,822)	(35,933)	(86.6%)
(Loss)/profit for the period	(5,197)	82,183	(106.3%)
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	(1,290)	118	(1,193.2%)
Other comprehensive income for the period	(1,290)	118	(1,193.2%)
Total comprehensive income for the period	(6,487)	82,301	(107.9%)
(Loss)/profit for the period attributable to:			
Owners of the Company	(5,048)	82,479	(106.1%)
Non-controlling interests	(149)	(296)	(49.7%)
	(5,197)	82,183	(106.3%)
Total comprehensive income attributable to:			
Owners of the Company	(6,338)	82,597	(107.7%)
Non-controlling interests	(149)	(296)	(49.7%)
	(6,487)	82,301	(107.9%)
(Loss)/earnings per share for profit attributable to the owners of the Company during the period (in RMB cents):			
- Basic and diluted	(0.99)	16.10	(106.1%)

*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.

	Group		Company	
	30 September 2022 (Unaudited)	31 March 2022 (Audited)	30 September 2022 (Unaudited)	31 March 2022 (Audited)
RMB'000				
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	45,559	46,164	-	-
Investment properties	61,960	59,420	-	-
Investments in subsidiaries	-	-	278,608	278,608
Investments in associates	1,813	1,818	-	-
Financial asset at fair value through other comprehensive income	27,478	27,478	16,553	16,553
Deferred tax assets	6,551	6,551	-	-
	143,361	141,431	295,161	295,161
Current assets				
Properties held under development	666,637	573,593	-	-
Properties held for sale	180,066	187,142	-	-
Prepayments and other receivables	829,345	885,808	125	125
Amounts due from subsidiaries	-	-	365,554	365,554
Financial assets at fair value through profit or loss	283	276	-	-
Tax recoverable	13,644	13,565	-	-
Cash and bank balances	28,429	28,073	153	154
	1,718,404	1,688,457	365,832	365,833
Current liabilities				
Accruals and other payables	260,935	259,141	624	24
Contract liabilities	42,801	27,636	-	-
Current tax liabilities	101,664	126,688	-	-
Amounts due to related parties	88,115	86,337	336,712	335,566
Bank loans	132,112	27,520	-	-
	625,627	527,322	337,336	335,590
Net current assets	1,092,777	1,161,135	28,496	30,243
Total assets less current liabilities	1,236,138	1,302,566	323,657	325,404
Non-current liabilities				
Bank and other loans	215,000	275,000	-	-
Deferred tax liabilities	4,848	4,789	-	-
	219,848	279,789	-	-
Net assets	1,016,290	1,022,777	323,657	325,404
EQUITY				
Equity attributable to the owners of the Company				
Share capital	52,241	52,241	52,241	52,241
Reserves	944,126	950,464	271,416	273,163
	996,367	1,002,705	323,657	325,404
Non-controlling interests	19,923	20,072	-	-
Total equity	1,016,290	1,022,777	323,657	325,404

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 30/09/2022		As at 31/03/2022	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
132,112	-	27,520	-

Amount repayable after one year

As at 30/09/2022		As at 31/03/2022	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
180,000	35,000	240,000	35,000

Details of any collateral

Bank loans of approximately RMB7,112,000 and RMB305,000,000 were secured by the Group's property, plant and equipment, properties under development and properties held for sale respectively as at 30 September 2022.

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 2022	6 months ended 30 September 2021
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
(Loss)/profit before income tax	(375)	118,116
Adjustments for:		
Interest income	(400)	(4,294)
Interest expense	1,718	101
Depreciation of property, plant and equipment	1,421	1,365
Gain on disposal of property, plant and equipment	-	(6,786)
Gain on disposal of financial assets at fair value through profit and loss	(6)	(15,714)
Net fair value loss for financial assets at fair value through profit and loss	31	3,118
Net fair value gain of investment properties	(767)	(1,450)
Share of loss of an associate	5	-
Operating profit before working capital changes	1,627	94,456
(Increase)/decrease in properties held under development and properties held for sale	(51,193)	136,420
Decrease/(increase) in accounts and other receivables and prepayments	29,435	(389,078)
Decrease/(increase) in restricted bank balances	973	(1,309)
Increase/(decrease) in accounts and other payables, accruals and contract liabilities	16,959	(298,733)
(Increase)/decrease in financial assets at fair value through profit or loss	(32)	34,126
Cash used in operations	(2,231)	(424,118)
Interest received	400	4,294
Income taxes paid	(29,925)	(36,700)
Net cash used in operating activities	(31,756)	(456,524)
Cash flows from investing activities		
Purchases of property, plant and equipment	(279)	(278)
Proceeds from disposals of property, plant and equipment	-	14,704
Net cash (used in)/generated from investing activities	(279)	14,426
Cash flows from financing activities		
Advance from related parties	800	70,000
Proceeds from new borrowings	55,000	150,000
Repayments of bank and other loans	(11,231)	(1,194)
Dividend paid to owners of the Company	-	(36,629)
Interest paid	(11,235)	(4,272)
Net cash generated from financing activities	33,334	177,905
Net increase/(decrease) in cash and cash equivalents	1,299	(264,193)
Effect of foreign exchange difference	30	(886)
Cash and cash equivalents at beginning of the period	24,452	368,756
Cash and cash equivalents at end of the period (note)	25,781	103,677
Note:		
Analysis of balances of cash and cash equivalents		
Cash and bank balances	28,429	105,868
Less: restricted bank balances	(2,648)	(2,191)
	25,781	103,677

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											
	Share capital	Treasury shares	Merger reserve	Statutory reserve	Capital reserve	Fair value through other comprehensive income reserve	Other 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 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)
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
At 1 April 2022 (audited)	52,241	(12,817)	(2,243)	94,433	3,838	(3,870)	85,452	(10,588)	796,259	1,002,705	20,072	1,022,777
Loss for the period	-	-	-	-	-	-	-	-	(5,048)	(5,048)	(149)	(5,197)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	(1,290)	-	(1,290)	-	(1,290)
Total comprehensive income for the period	-	-	-	-	-	-	-	(1,290)	(5,048)	(6,338)	(149)	(6,487)
At 30 September 2022 (unaudited)	52,241	(12,817)	(2,243)	94,433	3,838	(3,870)	85,452	(11,878)	791,211	996,367	19,923	1,016,290

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 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
At 1 April 2022 (audited)	52,241	(12,817)	59,579	(1,247)	227,648	325,404
Loss for the period	-	-	-	-	(1,747)	(1,747)
At 30 September 2022 (unaudited)	52,241	(12,817)	59,579	(1,247)	225,901	323,657

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, Hungghom Commercial Centre, 37-39 Ma Tau Wai Road, Hungghom, 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 2022 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 2022.

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 which were first effective for the current accounting period of the Group had been issued:

Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018 – 2020
Amendments to IFRS 3	References to Conceptual Framework

The adoption of new or amended standards that were effective from 1 April 2022 did not have any material impact on the Group’s accounting policies.

2.2 Use of judgements and estimates

The Management had made judgements, estimates and assumptions which affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses when preparing the condensed interim financial statements. Hence, actual results may differ from these estimates.

The significant judgements made by the 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 2022.

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 2022, the fair value of the Group's investment properties was based on the independent valuations as at 31 March 2022 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 2022, 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 2022.

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 2022.

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	
	1H2023	1H2022
	RMB'000	RMB'000
Revenue		
Sale of properties held for sale	18,945	280,866
Other income and other gains and losses		
Exchange loss, net	(1)	-
Gain on disposal of financial assets at FVTPL	6	15,714
Net fair value loss on financial assets at FVTPL	(31)	(3,118)
Net fair value gain of investment properties	767	1,450
Gain on disposal of property, plant and equipment	-	6,786
Interest income		
- from bank deposits	103	482
- from other receivables	255	2,420
- from structured bank balances	42	1,392
	400	4,294
Rental income	894	877
Sundry (expense)/income	(31)	55
	2,004	26,058

6. (Loss)/profit before income tax

	Group	
	1H2023	1H2022
	RMB'000	RMB'000
Depreciation of property, plant and equipment	1,421	1,365
Cost of properties held for sale recognised as expense	8,073	175,758
Short-term lease expenses	99	122
Less: amount capitalised in properties held under development	-	-
	99	122
Employee costs, including directors' remuneration		
- Wages and salaries	4,112	4,558
- Retirement benefit scheme contributions - defined contribution plans	714	820
Less: amount capitalised in properties held under development	(1,421)	(1,592)
	3,405	3,786

7. Income tax expense

	Notes	Group	
		1H2023 RMB'000	1H2022 RMB'000
Current tax – PRC			
- Enterprise income tax (“EIT”)	(a)	2,534	22,887
- Land appreciation tax (“LAT”)	(b)	2,229	13,737
		4,763	36,624
Deferred income tax expense/(credit)		59	(691)
Total income tax expense		4,822	35,933

Notes:

- (a) EIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (1H2022: 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% (1H2022: 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	
	1H2023 RMB'000	1H2022 RMB'000
Final dividends paid in respect of prior year	-	36,629

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.

No final dividend was declared to the Shareholders for the year ended 31 March 2022.

The Board has resolved not to declare the payment of an interim dividend to the Shareholders for 1H2023 (1H2022: 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 2022				
Financial assets at fair value through profit or loss				
Securities held for trading - Listed	283	-	-	283
Financial assets at fair value through other comprehensive income				
Unlisted equity investment	-	-	27,478	27,478
As at 31 March 2022				
Financial assets at fair value through profit or loss				
Securities held for trading - Listed	276	-	-	276
Financial assets at fair value through other comprehensive income				
Unlisted equity investment	-	-	27,478	27,478

10. (Loss)/earnings per share

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

	Group	
	1H2023 RMB'000	1H2022 RMB'000
Current:		
(Loss)/earnings for the purpose of calculating basic (loss)/earnings per share ((loss)/profit for the period attributable to owners of the Company)	(5,048)	82,479
Number of shares		
Number of ordinary shares in issue during the period for the purpose of calculating basic (loss)/earnings per share	512,311,024	512,311,024

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

11. Prepayment and other receivables

	Notes	Group	
		30/09/2022 RMB'000	31/03/2022 RMB'000
Prepayments	(a)	773,048	802,004
Other receivables	(b)	56,297	83,804
		829,345	885,808

Notes:

- (a) As at 30 September 2022, prepayments included advances of RMB34,538,000 (31 March 2022: RMB61,566,000) made to contractors for purchase of construction materials.

On 30 April 2021, the Group has made a successful bid for the land use right of a land located in Shanwei City, Guangdong Province of the PRC at a total consideration of RMB717,000,000, which were paid by the Group during the year ended 31 March 2022. The amount included in prepayments as at 30 September 2022 and 31 March 2022 and the land use rights certificates have yet to be obtained by the Group up to the date of this announcement.

- (b) At 30 September 2022, other receivables of the Group due from certain independent third parties of approximately RMB26,100,000 (31 March 2022: RMB30,600,000) were unsecured, interest-bearing at interest rate ranging from 6% to 12% (31 March 2022: 6% to 12%) and repayable within one year or on demand.

The remaining balances include deposited fund for property maintenance and value-added tax recoverable, which were unsecured, non-interest bearing and repayable on demand.

12. Amounts due to related parties

	Group	
	30/09/2022 RMB'000	31/03/2022 RMB'000
Amounts due to:		
- a related company	9,215	8,237
- a related person	78,900	78,100
	88,115	86,337

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

As at 30 September 2022 and 31 March 2022, 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 2022 and 31 March 2022, 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 and other loans

The analysis of the carrying amount of the bank and other loans is as follows:

	Group	
	30/09/2022 RMB'000	31/03/2022 RMB'000
Current:		
Portion of bank loan due for repayment within one year	125,000	20,000
Portion of bank loans due for repayment within one year which contain repayment on demand clause	2,602	2,326
Portion of bank loans due for repayment after one year which contain repayment on demand clause	4,510	5,194
Non-current:		
Portion of other loan due for repayment after one year	35,000	35,000
Portion of bank loans due for repayment after one year	180,000	240,000
Total bank and other loans	347,112	302,520

14. Share capital

	Number of shares	RMB'000
Authorised:		
Ordinary shares		
At 1 April 2021 and 31 March 2022 and 30 September 2022	5,100,000,000	517,374
Issued and fully paid:		
Ordinary shares		
At 1 April 2021 and 31 March 2022 and 30 September 2022	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 2021 and 31 March 2022 and 30 September 2022	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	1H2023 RMB'000	1H2022 RMB'000
Car park rental expense charged by - Spouse of Mr. Wong Lam Ping	(a)	154	150
Rental income charged to - A related company	(b)	26	25
Interest income charged to - A related company	(b)	-	2,420

Notes:

- (a) During the six months period ended 30 September 2022 and 30 September 2021, 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	Authorised	Number of shares			Amount		
			Issued	Treasury share	Authorised share capital RMB'000	Issued share capital RMB'000	Treasury share RMB'000	
01 April 2022 and 30 September 2022	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 2022 was 518,855,024 (31 March 2022: 518,855,024), of which 6,544,000 (31 March 2022: 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 2022, except for the adoption of new and revised International Financial Reporting Standards ("IFRSs") applicable for the financial period beginning on 1 April 2022. 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 2022. 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 2022	6 months ended 30 September 2021
	(Unaudited)	(Unaudited)
(Loss)/earnings per ordinary share (in RMB cents) for profit/ attributable to the owners of the Company during the period:		
- Basic and Diluted	(0.99)	16.10

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 loss per share was based on the loss attributable to equity holders of the Company of approximately RMB5,048,000 for the six months ended 30 September 2022 (six months ended 30 September 2021: profit of RMB82,479,000) divided by weighted average of 512,311,024 ordinary shares (excluding treasury shares) (six months ended 30 September 2021: the weighted average of 512,311,024) during the period.

Diluted loss per share for the six months ended 30 September 2022 is the same as the basic loss per share as there are no dilutive potential share (six months ended 30 September 2021: 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 30/09/2022	As at 31/03/2022	As at 30/09/2022	As at 31/03/2022
Net asset value per ordinary share (in RMB cents)	198.37	199.64	63.18	63.52

Notes:

- (1) The number of ordinary shares of the Company as at 30 September 2022 was 512,311,024 (excluding treasury shares) (31 March 2022: 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 2022 was RMB 194.48 cents (31 March 2022: RMB 195.72 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 2022 ("1H2023") COMPARED TO THE PREVIOUS CORRESPONDING SIX MONTHS ENDED 30 SEPTEMBER 2021 ("1H2022")**

Revenue

	Group	
	6 months ended 30 September 2022	6 months ended 30 September 2021
Revenue (RMB'000)	(Unaudited)	(Unaudited)
Residential	4,136	214,723
Commercial and others	14,359	66,143
	18,495	280,866

The Group's revenue in 1H2023 was RMB18.5 million compared to RMB280.9 million in 1H2022, a decrease of RMB262.4 million.

The revenue in 1H2023 was primarily derived from transfer of control of commercial units of Pan Hong Run He to buyers in the quarter. In comparison, the revenue in 1H2022 was mainly attributable to transfer of control of residential units of Pan Hong Run He to buyers. The decrease was mainly due to fewer numbers of transfer of control of property units in 1H2023 than in 1H2022.

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 periods will appear irregular.

Cost of Sales and Gross Profit Margin

In line with the decrease in revenue, cost of sales decreased from RMB176.1 million in 1H2022 to RMB8.3 million in 1H2023. Accordingly, gross profit decreased from RMB104.7 million in 1H2022 to RMB10.2 million in 1H2023.

Gross profit margin increased from 37.3% in 1H2022 to 55.0% in 1H2023 as a result of higher gross profit for commercial units sold in 1H2023 as compared to the residential units sold for Pan Hong Run He in 1H2022.

Other Income and Other Gains and Losses

Other income and other gains and losses decreased from RMB26.1 million in 1H2022 to RMB2.0 million in 1H2023. The decrease was mainly due to a decrease in gain on disposal of financial assets at fair value through profit or loss and interest income.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 15.0% from RMB3.6 million in 1H2022 to RMB3.0 million in 1H2023. The lower selling expenses in 1H2023 was mainly due to lesser advertisement and marketing expenses incurred for Run Ze Yuan.

Administrative Expenses

Administrative expenses decreased by 13.3% from RMB9.0 million in 1H2022 to RMB7.8 million in 1H2023, mainly due to decrease of staff costs, office expenses and other tax expenses in 1H2023.

Finance Costs

Finance costs increased by 1,601.0% from RMB101,000 in 1H2022 to RMB1.7 million in 1H2023, mainly due to an increase in balance of bank and other loans for working capital purpose. Finance costs of bank loans for property development purpose are fully capitalised in properties under development.

Income Tax Expense

Income tax expense decreased from RMB35.9 million in 1H2022 to RMB4.8 million in 1H2023. The decrease was mainly attributable to the PRC corporate income tax in the PRC arising from a decrease of profit before tax of the Group's PRC subsidiaries recorded in 1H2023.

(Loss)/Profit for the Period

As a cumulative effect of the foregoing factors, the Group recorded a loss after tax of RMB5.2 million in 1H2023, compared to a profit after tax of RMB82.2 million in 1H2022.

Exchange Differences on Translation of Financial Statements of Foreign Operations

Exchange differences on translation of financial statements of foreign operations decreased from a gain of RMB0.1 million in 1H2022 to a loss of RMB1.3 million in 1H2023. 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 with a loss of RMB6.5 million in 1H2023, comparing to a profit RMB82.3 million in 1H2022.

(b) REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022 AND CASH FLOW FOR 1H2023

Property, Plant and Equipment

As at 30 September 2022, the Group had property, plant and equipment of RMB45.6 million, compared to RMB46.2 million as at 31 March 2022. The decrease was mainly due to the depreciation of property, plant and equipment.

Investment Properties

As at 30 September 2022, the Group had investment properties of RMB62.0 million compared to RMB59.4 million as at 31 March 2022. The increase was mainly due to the transfer of properties held for sale to investment properties during the period.

Financial Assets at Fair Value Through Other Comprehensive Income

As at 30 September 2022, the balance of approximately RMB27.5 million (31 March 2022: RMB27.5 million) representing the fair value of 16.6% (31 March 2022: 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, increased to RMB283,000 as at 30 September 2022 from RMB276,000 as at 31 March 2022. The increase was mainly due to the net effect of acquisition and 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 RMB93.0 million from RMB573.6 million as at 31 March 2022 to RMB666.6 million as at 30 September 2022. The increase was mainly due to the construction costs incurred for Run Ze Yuan (潤澤園) and Run Hong Yuan (潤泓園) during the period.

Properties Held for Sale

Properties held for sale decreased from RMB187.1 million as at 31 March 2022 to RMB180.1 million as at 30 September 2022, 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 decreased from RMB885.8 million as at 31 March 2022 to RMB829.3 million as at 30 September 2022. The decrease was mainly due to the transfer of prepayments to properties held under development and settlement of other receivables.

Tax Recoverable

Tax recoverable increased from approximately RMB13,565,000 as at 31 March 2022 to approximately RMB13,644,000 as at 30 September 2022 mainly due to the prepayment of EIT and LAT by the Group.

Accruals, Other Payables and Contract Liabilities

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 yet due for payment.

Accruals and other payables increased from approximately RMB259.1 million as at 31 March 2022 to approximately RMB260.9 million as at 30 September 2022. The increase was mainly due to the

increased accrued contract costs payable 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 increased from approximately RMB27.6 million as at 31 March 2022 to approximately RMB42.8 million as at 30 September 2022. The increase was mainly due to the advance receipts of Run Ze Yuan received during the period.

Current Tax Liabilities

Current tax liabilities decreased from RMB126.7 million as at 31 March 2022 to RMB101.7 million as at 30 September 2022. The decrease was mainly attributable to the net effect of income tax liabilities derived from the profit recorded by the Group's subsidiaries and payment of income tax during the period.

Amounts Due to Related Parties

Amounts due to related parties increased from RMB86.3 million as at 31 March 2022 to RMB88.1 million as at 30 September 2022, which was mainly due to the cash advance provided to the Group during the period by Mr. Wong Ching, an immediate family member of Mr. Wong Lam Ping, the controlling shareholder of the Company.

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

Bank and Other Loans

As at 30 September 2022, the Group had bank and other loans of RMB347.1 million, an increase from RMB302.5 million as at 31 March 2022, mainly due to the drawdown of new bank loans during the period.

Bank loans of approximately RMB7.1 million and RMB305.0 million were secured by the Group's property, plant and equipment, and properties under development respectively as at 30 September 2022.

Based on the Group's total equity of RMB1,016.3 million, the Group recorded a net gearing ratio (total bank and other loans/total equity) of 34.2% as at 30 September 2022, compared to 29.6% as at 31 March 2022.

Cash Flow Analysis

In 1H2023, the Group recorded RMB31.8 million of net cash used in operating activities which was mainly due to the net effect of the receipts from property buyers, progress payment for the construction and payment of income tax.

Net cash used in investing activities in 1H2023 amounted to RMB0.3 million, mainly due to purchase of property, plant and equipment.

Net cash generated from financing activities in 1H2023 amounted to RMB33.3 million, mainly due to net effect of new bank loans made and repayment of bank loans during the period.

Included in bank balances and cash are restricted bank balances of RMB2.6 million (31 March 2022: RMB2.2 million) which can only be applied in the designated property development project(s). As at 30 September 2022, the Group had cash and cash equivalents of RMB25.8 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 2022 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 financial year, gradual recovery of the PRC's national economy from the COVID-19 pandemic in 2020 and 2021 was evidenced by a 3.9% gross domestic product (GDP) growth year-on-year for the third quarter of 2022, compared to 0.4% in the previous quarter based on official data published by the National Bureau of Statistics (the "Bureau").

In the real estate sector, regulatory and control measures were tightened under the national policy of "houses are for living in, not for speculation". With the introduction of deleveraging requirements, mortgage concentration management and concentrated land supply auctions, property developers have been operating under challenging conditions while market confidence as well as property prices declined. According to official data published by the Bureau, new home prices in major PRC cities fell between August and September 2022.

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

	Increased	Unchanged	Decreased
August 2022	20	0	50
September 2022	15	1	54

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

	Increased	Unchanged	Decreased
August 2022	49	0	21
September 2022	19	0	51

Investment appetite of some potential property buyers is expected to remain conservative in the short to medium term in the wake of financial instabilities of some large highly leveraged developers domestically as well as growing concerns with global economic prospects and market risks.

Nevertheless, in light of the above trend, local government of various PRC cities have been implementing stimulating or relieving measures, including home-purchase subsidies for talented labour, interest rates cut for first-time buyers, reduction of down payment proportions, withdrawal of purchase limits, etc. in order to moderate the market trend.

It is observed that above-mentioned government measures are taking effect and market confidence is restoring gradually as evidenced by the pre-sale performance of the Group's property projects stated below. 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 continue to pick up.

Company Update
Property Pre-sales

The cumulative results for the pre-sale of properties under each project up to 9 November 2022 are summarised as follows:

Residential Units

	Run Ze Yuan	Run Hong Yuan
Est. total GFA released for sale (total units)	63,471 sq.m.	21,405 sq.m.
	672 units	184 units
Est. total GFA pre-sold (total units)	6,456 sq.m.	15,629 sq.m.
	72 units	144 units
Percentage of pre-sold	10%	73%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 30 September 2022 ^	6,456 sq.m.	15,629 sq.m.
	72 units	144 units
Pre-sale value not handed over to buyers as at 30 September 2022 ^ (RMB)	83.1 million	223.7 million
ASP per sq m*	RMB12,877	RMB14,312
Expected completion date	CY2023 Q3	CY2025 Q1

*: 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 2022.

The pre-sale value of RMB306.8 million of the project not handed over to buyers as at 30 September 2022 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.

Considering its management expertise, financial position and relevant industry prospects, the Group will also carefully assess and filter investment opportunities for both its core property development business and potential business growth areas.

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 2022 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.

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 2022



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 2022 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 2022