



PAN HONG HOLDINGS GROUP LIMITED

(Formerly known as Pan Hong Property Group Limited)

(Incorporated in Bermuda on 20 December 2005)

(Co. Reg. No: 37749)

2nd QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

RMB'000	Group					
	3 months ended 30/09/2015	3 months ended 30/09/2014	Increase/ (Decrease)	6 months ended 30/09/2015	6 months ended 30/09/2014	Increase/ (Decrease)
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Revenue	265,423	79,846	232.4%	389,848	172,759	125.7%
Cost of Sales	(240,683)	(49,557)	385.7%	(332,277)	(108,006)	207.6%
Gross profit	24,740	30,289	(18.3%)	57,571	64,753	(11.1%)
Other income, other gains and losses	2,000	4,825	(58.5%)	10,292	11,522	(10.7%)
Selling and distribution expenses	(7,303)	(6,175)	18.3%	(13,953)	(10,179)	37.1%
Administrative expenses	(11,552)	(9,185)	25.8%	(24,516)	(18,885)	29.8%
Operating profit	7,885	19,754	(60.1%)	29,394	47,211	(37.7%)
Finance costs	(791)	(890)	(11.1%)	(1,602)	(1,633)	(1.9%)
Profit before income tax	7,094	18,864	(62.4%)	27,792	45,578	(39.0%)
Income tax expense	(2,637)	(10,075)	(73.8%)	(9,572)	(22,143)	(56.8%)
Profit for the period	4,457	8,789	(49.3%)	18,220	23,435	(22.3%)
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	(10,153)	(503)	1,918.5%	(10,318)	(156)	6,514.1%
Other comprehensive income for the period	(10,153)	(503)	1,918.5%	(10,318)	(156)	6,514.1%
Total comprehensive income for the period	(5,696)	8,286	(168.7%)	7,902	23,279	(66.1%)
Profit for the period attributable to:						
Owners of the Company	2,252	5,566	(59.5%)	10,311	15,615	(34.0%)
Non-controlling interests	2,205	3,223	(31.6%)	7,909	7,820	1.1%
	<u>4,457</u>	<u>8,789</u>	<u>(49.3%)</u>	<u>18,220</u>	<u>23,435</u>	<u>(22.3%)</u>
Total comprehensive income attributable to:						
Owners of the Company	(6,378)	5,063	(226.0%)	1,516	15,459	(90.2%)
Non-controlling interests	682	3,223	(78.8%)	6,386	7,820	(18.3%)
	<u>(5,696)</u>	<u>8,286</u>	<u>(168.7%)</u>	<u>7,902</u>	<u>23,279</u>	<u>(66.1%)</u>
Earnings per share for profit attributable to the owners of the Company during the period (in RMB cents):						
- Basic and Diluted	<u>0.44</u>	<u>1.09</u>	<u>(59.6%)</u>	<u>2.01</u>	<u>3.05</u>	<u>(34.1%)</u>

Note:

RMB '000	Group			
	3 months ended 30/09/2015	3 months ended 30/09/2014	6 months ended 30/09/2015	6 months ended 30/09/2014
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit before income tax is arrived at after charging/(crediting):				
Interest charges on financial liabilities stated at amortised cost				
- Bank and other loans wholly repayable within five years	19,918	21,492	42,766	39,674
Less: amount capitalised in properties held under development	(19,127)	(20,602)	(41,164)	(38,041)
	791	890	1,602	1,633
Cost of properties held for sale recognised as expense	225,953	45,044	310,348	98,255
Exchange loss/(gain), net	16	(23)	19	(226)
Depreciation of property, plant and equipment	363	234	1,238	690
Less: amount capitalised in properties held under development	(81)	(59)	(182)	(128)
	282	175	1,056	562
Operating lease charge in respect of land and buildings	79	113	208	184
Less: amount capitalised in properties held under development	-	(45)	(39)	(67)
	79	68	169	117
Staff costs, including directors' remuneration				
- Wages and salaries	6,837	5,729	13,057	11,404
- Retirement benefit scheme contributions - defined contribution plans	223	135	574	234
Less: amount capitalised in properties held under development	(1,852)	(1,624)	(3,677)	(3,426)
	5,208	4,240	9,954	8,212
and crediting:				
Interest income from bank deposits and other receivables	2,956	1,006	5,922	3,866
Net fair value (loss)/gain for financial assets at fair value through profit or loss	(2,282)	(2)	(4,944)	270
Gain on disposal of property, plant and equipment	-	53	54	53
Rental income	1,316	3,579	8,774	6,987
Sundry income	10	189	486	346

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

	Group		Company	
	30 September 2015 (Unaudited)	31 March 2015 (Audited)	30 September 2015 (Unaudited)	31 March 2015 (Audited)
RMB'000				
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	32,566	29,117	-	-
Investment properties	405,654	405,654	-	-
Investments in subsidiaries	-	-	564,060	564,060
Interests in joint ventures	184,654	184,654	-	-
Other financial assets	20,000	20,000	20,000	20,000
Long-term pledged deposits	100,000	100,000	-	-
Deferred tax assets	25,164	25,164	-	-
	768,038	764,589	584,060	584,060
Current assets				
Properties held under development	2,042,592	2,285,262	-	-
Properties held for sale	983,233	733,296	-	-
Accounts receivable	588	2,361	-	-
Prepayments and other receivables	537,154	485,570	108	110
Amounts due from subsidiaries	-	-	258,893	260,838
Financial assets at fair value through profit or loss	2,420	7,364	-	-
Structured bank deposit	154,000	154,000	-	-
Pledged deposits	319,019	349,403	-	-
Cash and bank balances	277,436	309,501	131	132
	4,316,442	4,326,757	259,132	261,080
Non-current asset held for sale				
Investment property held for sale	-	7,050	-	-
	4,316,442	4,333,807	259,132	261,080
Current liabilities				
Accounts and bill payables	54,225	69,413	-	-
Accruals, receipts in advance and other payables	1,281,482	1,108,757	275	255
Provision for tax	163,360	182,379	-	-
Amounts due to related parties	97,359	116,598	247,594	248,350
Bank and other loans	822,044	848,141	-	-
	2,418,470	2,325,288	247,869	248,605
Net current assets	1,897,972	2,008,519	11,263	12,475
Total assets less current liabilities	2,666,010	2,773,108	595,323	596,535
Non-current liabilities				
Bank and other loans	552,500	667,500	-	-
Deferred tax liabilities	57,690	57,690	-	-
	610,190	725,190	-	-
Net assets	2,055,820	2,047,918	595,323	596,535
EQUITY				
Equity attributable to the Company's owners				
Share capital	313,446	313,446	313,446	313,446
Reserves	1,213,592	1,212,076	281,877	283,089
	1,527,038	1,525,522	595,323	596,535
Non-controlling interests	528,782	522,396	-	-
Total equity	2,055,820	2,047,918	595,323	596,535

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

As at 30/09/2015		As at 31/03/2015	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
822,044	-	848,141	-

Amount repayable after one year

As at 30/09/2015		As at 31/03/2015	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
552,500	-	667,500	-

Details of any collateral

Bank and other loans of approximately RMB874,949,000 were secured by the Group's properties and land use rights which were classified as "Leasehold interest in land and buildings", "Investment properties", "Properties held under development" as well as "Properties held for sale" as at 30 September 2015. Bank and other loans of approximately RMB499,595,000 were mainly secured by a deposit of RMB514,900,000 which were classified as "Long-term pledged deposits", "Pledged deposits" and "Structured bank deposit" as at 30 September 2015.

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

RMB'000	Group			
	3 months ended 30/09/2015 (Unaudited)	3 months ended 30/09/2014 (Unaudited)	6 months ended 30/09/2015 (Unaudited)	6 months ended 30/09/2014 (Unaudited)
Cash flows from operating activities				
Profit before income tax	7,094	18,864	27,792	45,578
Adjustments for:				
Interest income	(2,956)	(1,006)	(5,922)	(3,866)
Interest expense	791	890	1,602	1,633
Depreciation of property, plant and equipment	282	175	1,056	562
Gain on disposal of property, plant and equipment	-	(53)	(54)	(53)
Net fair value loss/(gain) for financial assets at fair value through profit and loss	2,282	2	4,944	(270)
Operating profit before working capital changes	7,493	18,872	29,418	43,584
(Increase)/decrease in properties held under development and properties held for sale	(10,969)	(89,970)	30,377	(263,047)
Increase in accounts and other receivables and prepayments and deposit paid	(79,206)	(47,814)	(50,300)	(50,624)
Decrease in financial assets at fair value through profit or loss	-	-	-	6,363
Increase in accounts and other payables, accruals and receipts in advance	154,318	94,193	164,587	336,141
Cash generated from/(used in) operations	71,636	(24,719)	174,082	72,417
Interest received	2,956	2,123	6,466	3,601
Income taxes paid	(7,369)	(5,335)	(28,591)	(13,318)
Net cash generated from/(used in) operating activities	67,223	(27,931)	151,957	62,700
Cash flows from investing activities				
Purchases of property, plant and equipment	-	(717)	(943)	(981)
Proceeds from disposal of property, plant and equipment	-	540	534	540
Decrease/(Increase) in pledged deposits with original maturity over three months	74,027	(50,305)	30,384	(50,887)
Net cash generated from/(used in) investing activities	74,027	(50,482)	29,975	(51,328)
Cash flows from financing activities				
Advance from/(repayment to) a related company	180	(3,684)	(22,773)	13,068
New borrowings	79,163	256,510	137,163	316,510
Repayment of borrowings	(175,626)	(35,268)	(287,098)	(220,486)
Interest paid	(19,264)	(21,043)	(41,668)	(38,782)
Net cash (used in)/generated from financing activities	(115,547)	196,515	(214,376)	70,310
Net increase/(decrease) in cash and cash equivalents	25,703	118,102	(32,444)	81,682
Effect of foreign exchange difference	508	(888)	379	(535)
Cash and cash equivalents at beginning of the period	251,225	38,169	309,501	74,236
Cash and cash equivalents at end of the period (Note)	277,436	155,383	277,436	155,383
Note:				
Analysis of balances of cash and cash equivalents				
Cash and bank equivalents	277,436	155,383	277,436	155,383

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

Group	Equity attributable to equity holders of the Company										Non - Controlling interests	Total equity
	Share capital	Treasury shares	Share premium	Merger reserve	Statutory reserve	Capital reserve	Other reserve	Exchange reserve	Retained earnings	Total		
	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 July 2014 (unaudited)	313,446	(12,817)	203,250	(2,243)	78,107	3,838	82,217	(3,510)	821,134	1,483,422	506,471	1,989,893
Profit for the period	-	-	-	-	-	-	-	-	5,566	5,566	3,223	8,789
Other comprehensive income												
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	(503)	-	(503)	-	(503)
Total comprehensive income for the period	-	-	-	-	-	-	-	(503)	5,566	5,063	3,223	8,286
At 30 September 2014 (unaudited)	313,446	(12,817)	203,250	(2,243)	78,107	3,838	82,217	(4,013)	826,700	1,488,485	509,694	1,998,179
At 1 July 2015 (unaudited)	313,446	(12,817)	203,250	(2,243)	84,438	3,838	82,217	(2,491)	863,778	1,533,416	528,100	2,061,516
Profit for the period	-	-	-	-	-	-	-	-	2,252	2,252	2,205	4,457
Other comprehensive income												
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	(8,630)	-	(8,630)	(1,523)	(10,153)
Total comprehensive income for the period	-	-	-	-	-	-	-	(8,630)	2,252	(6,378)	682	(5,696)
At 30 September 2015 (unaudited)	313,446	(12,817)	203,250	(2,243)	84,438	3,838	82,217	(11,121)	866,030	1,527,038	528,782	2,055,820

Company	Share capital	Treasury shares	Share premium	Contributed surplus	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 July 2014 (unaudited)	313,446	(12,817)	203,250	59,579	32,464	595,922
Loss for the period	-	-	-	-	(1,000)	(1,000)
At 30 September 2014 (unaudited)	313,446	(12,817)	203,250	59,579	31,464	594,922
At 1 July 2015 (unaudited)	313,446	(12,817)	203,250	59,579	32,571	596,029
Loss for the period	-	-	-	-	(706)	(706)
At 30 September 2015 (unaudited)	313,446	(12,817)	203,250	59,579	31,865	595,323

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

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

SHARE CAPITAL

Date	Particulars	Number of shares		Amount	
		Issued share capital (including treasury shares)	Treasury shares	Share capital RMB'000	Treasury shares RMB'000
01 April 2015 and 30 September 2015	Balance at beginning and the end of the period	518,855,024	(6,544,000)	313,446	(12,817)

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

The total number of issued ordinary shares as at 30 September 2015 was 518,855,024 (31 March 2015: 518,855,024), of which 6,544,000 (31 March 2015: 6,544,000) were held by the Company as treasury shares.

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

NIL

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

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

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

Not applicable.

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

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

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

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

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

	Group			
	3 months ended 30 September 2015	3 months ended 30 September 2014	6 months ended 30 September 2015	6 months ended 30 September 2014
Earnings per ordinary share (in RMB cents):	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
- Basic and Diluted	0.44	1.09	2.01	3.05

Note:

The calculation of basic earnings per share was based on the profit attributable to equity holders of the Company of approximately RMB2,252,000 for the 3 months ended 30 September 2015 (3 months ended 30 September 2014: RMB5,566,000) and RMB10,311,000 for the 6 months ended 30 September 2015 (6 months ended 30 September 2014: RMB15,615,000) divided by weighted average of 512,311,024 ordinary shares (excluding treasury shares) for the 3 months ended 30 September 2015 (3 months ended 30 September 2014: the weighted average of 512,311,024) and weighted average of 512,311,024 ordinary share (excluding treasury shares) for the 6 months ended 30 September 2015 (6 months ended 30 September 2014: the weighted average of 512,311,024).

Diluted earnings per share for the 3 months ended 30 September 2015 and 6 months ended 30 September 2015 are the same as the basic earnings per share as there are no dilutive potential share (3 months and 6 months ended 30 September 2014: Nil).

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

	Group		Company	
	As at 30/09/2015	As at 31/03/2015	As at 30/09/2015	As at 31/03/2015
Net asset value per ordinary share (in RMB cents)	401.28	399.74	116.20	116.44

Note:

- (1) The number of ordinary shares of the Company as at 30 September 2015 was 512,311,024 (excluding treasury shares) (31 March 2015: 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 2015 was RMB298.07 cents (31 March 2015: RMB297.77 cents).

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period report on.**

(a) REVIEW OF FINANCIAL RESULTS FOR THE QUARTER ENDED 30 SEPTEMBER 2015 ("2Q2016") COMPARED TO THE PREVIOUS CORRESPONDING QUARTER ENDED 30 SEPTEMBER 2014 ("2Q2015")

Revenue

	Group			
	3 months ended 30 September 2015	3 months ended 30 September 2014	6 months ended 30 September 2015	6 months ended 30 September 2014
Revenue (RMB'000):	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Residential	254,544	71,560	375,961	126,037
Commercial and others	10,879	8,286	13,887	46,722
	265,423	79,846	389,848	172,759

The Group's revenue in 2Q2016 was RMB265.4 million compared to RMB79.8 million in 2Q2015, an increase of 232.4%. The increase was attributable mainly to higher handover of residential units of Yichun Royal Lake City (宜春御湖城) Phase 2 and Fuzhou Hua Cui Ting Yuan (撫州華萃庭院) Phase 3.

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

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

Cost of Sales and Gross Profit Margin

Due to the increase in revenue, cost of sales increased from RMB49.6 million in 2Q2015 to RMB240.7 million in 2Q2016, which reflected the cost of higher handover of residential units. In 2Q2015, over 50% of residential units sold by the Group were townhouses, which had a higher profit margin compared to other residential units. In addition, greater portion of revenue came from sale of commercial units in 2Q2015 compared to 2Q2016. Commercial unit has a higher profit margin compared to residential unit. Consequently, gross profit margin decreased from 37.9% to 9.3%.

Other Income, Other Gains and losses

Other income and gains decreased from RMB4.8 million in 2Q2015 to RMB2.0 million in 2Q2016. The decrease was attributable mainly to the increase in net fair value loss for financial assets at fair value through profit or loss.

Selling and Distribution Expenses

Selling and distribution expenses increased by 18.3% from RMB6.2 million in 2Q2015 to RMB7.3 million in 2Q2016. The higher selling expenses in 2Q2016 were mainly due to an increase in advertising and promotion costs in respect of Huzhou Hua Cui Ting Yuan (湖州華萃庭院) Phase 2, and Nanchang Sino Harbour Kaixuan City (南昌漢港凱旋城).

Administrative Expenses

Administrative expenses increased by 25.8% from RMB9.2 million in 2Q2015 to RMB11.6 million in 2Q2016 mainly due to the increase in land use tax and staff costs.

Finance Costs

Finance costs decreased by 11.1% from RMB0.89 million in 2Q2015 to RMB0.79 million in 2Q2016 mainly due to the decrease in bank and other loans and therefore less finance costs were charged.

Income Tax Expense

Income tax expense decreased from RMB10.1 million in 2Q2015 to RMB2.6 million in 2Q2016. The decrease was attributable mainly to the lower profits generated in 2Q2016.

Profit for the Period

As a cumulative effect of the foregoing factors, the Group recorded a profit after tax of RMB4.5 million in 2Q2016, a decrease of 49.3% from RMB8.8 million in 2Q2015.

Exchange Differences on Translation of Financial Statements of Foreign Operations

Exchange differences on translation of financial statements of foreign operations increased from RMB0.5 million in 2Q2015 to RMB10.2 million 2Q2016. The increase was mainly due to the depreciation of RMB against Hong Kong Dollar (“HKD”) during the financial period that resulted in a translation loss of the Group’s subsidiaries which were denominated in HKD.

Total Comprehensive Income for the Period

As a cumulative effect of the above factors, the Group recorded a loss in total comprehensive income for the period of RMB5.7 million in 2Q2016, compared to a total comprehensive income for the period of RMB8.3 million in 2Q2015.

(b) REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2015 AND CASH FLOW FOR 2Q2016

Property, Plant and Equipment

Property, plant and equipment increased from RMB29.1 million as at 31 March 2015 to RMB32.6 million as at 30 September 2015. The increase was attributable mainly to the transfer of certain properties held for sale to property, plant and equipment as they are assigned for the Group’s own use during the financial period.

Properties Held Under Development

The Group’s properties held under development decreased by RMB242.7 million from RMB2.29 billion as at 31 March 2015 to RMB2.04 billion as at 30 September 2015. The decrease was mainly attributable to the net effect of re-classification of properties of Yichun Royal Lake City Phase 2 which were completed and transferred to properties for sale during the financial period, and the construction progress of properties project such as Huzhou Hua Cui Ting Yuan Phase 2, Nanchang Sino Harbour Kaixuan City Phase 1 and Huzhou Run Yuan Project (湖洲潤源項目) Phase 1.

Properties Held For Sale

Properties held for sale increased from RMB733.3 million as at 31 March 2015 to RMB983.2 million as at 30 September 2015, mainly due to the re-classification of properties of Yichun Royal Lake City Phase 2 which were completed and transferred from properties held under development during the financial period.

Accounts Receivable

Accounts receivable decreased from RMB2.4 million as at 31 March 2015 to RMB0.6 million as at 30 September 2015. The decrease was due mainly to the recovery of accounts receivable during the financial period.

Prepayments and Other Receivables

The Group's prepayments and other receivables increased from RMB485.6 million as at 31 March 2015 to RMB537.2 million as at 30 September 2015. The increase was mainly due to the deposit paid for acquisition of land use rights in Huzhou City, Zhejiang Province, the PRC.

Financial Assets at Fair Value Through Profit or Loss

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

Financial assets at fair value through profit or loss decreased to RMB2.4 million as at 30 September 2015 from RMB7.4 million as at 31 March 2015. The decrease was attributable mainly to the fair value loss recognised during the financial period.

Pledged Deposits

Long-term and short-term pledged deposits decreased from RMB449.4 million as at 31 March 2015 to RMB419.0 million as at 30 September 2015. The decrease was mainly due to the decrease in deposits pledged against the bank and other loans to the Group.

Investment Property Held For Sale

Investment property held for sale decreased from RMB7.1 million as at 31 March 2015 to nil as at 30 September 2015 due to the completion of transfer of title of the investment property to the customer during the financial period.

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

Account payables decreased to RMB54.2 million as at 30 September 2015 from RMB69.4 million as at 31 March 2015 due to an increase in settlement of amounts payable to suppliers for construction costs incurred in respect of the Group's properties held under development and properties held for sale.

Accruals, receipts in advance and other payables increased from RMB1.11 billion as at 31 March 2015 to RMB1.28 billion as at 30 September 2015. Accruals, receipts in advance and other payables comprised mainly of advance receipts from customers in respect of the Group's property pre-sales, accrued construction costs and project-related expenses that were based on the progress of the project development but were not due for payment as well as guarantee deposit by the subcontractor as at 30 September 2015. The increase in accruals, receipts in advance and other payables was mainly due to the increase in advance receipts from the customers of Huzhou Hua Cui Ting Yuan Phase 2, Nanchang Sino Harbur Kaixuan City Phase 1 and Huzhou Run Yuan Project Phase 1.

Amounts due to related parties

Amounts due to related parties decreased from RMB116.6 million as at 31 March 2015 to RMB97.4 million as at 30 September 2015. The decrease was attributable mainly to repayment of cash advance from a related company – Pan Hong Company Limited.

Bank and Other Loans

As at 30 September 2015, the Group had total borrowings of RMB1.37 billion, a decrease from RMB1.52 billion as at 31 March 2015 mainly due to repayment of bank and other borrowings during the period.

Of these borrowings, bank and other loans of approximately RMB499.6 million were secured by a deposit of RMB514.9 million which was classified as “Long-term pledged deposits”, “Pledged deposits” and “Structured bank deposit” as at 30 September 2015.

Based on the Group’s total equity of RMB2.06 billion and a deposit collateral of RMB514.9 million, the Group recorded a net gearing ratio (total bank and other loans less deposit collateral / total equity) of 41.8% as at 30 September 2015, compared to 47.9% as at 31 March 2015.

Cash Flow Analysis

In 2Q2016, the Group recorded RMB67.2 million of net cash generated from operating activities which was attributable mainly to the increase in advance receipts from customers for pre-sale of properties.

Net cash generated from investing activities in 2Q2016 amounted to RMB74.0 million, mainly due to the decrease in pledged deposits.

Net cash used in financing activities in 2Q2016 amounted to RMB115.5 million, mainly due to repayment of borrowings.

As at 30 September 2015, the Group had cash and cash equivalents of RMB277.4 million.

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

The second quarter financial results for the six months ended 30 September 2015 is in line with the statement made in Paragraph 10 disclosed in its previous results announcement. There was no forecast or prospect statement previously disclosed to shareholders.

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

Industry Outlook

The property market in the PRC has been improving gradually as evidenced by official data. Data published by the National Bureau of Statistics indicated that new home prices of 39 out of a statistical pool of 70 major PRC cities recorded a month-on-month increase in September 2015, up from 35 cities in August 2015, while 21 cities experienced decline in prices, down from 26 the month before.

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

In addition, the People's Bank of China and the China Banking Regulatory Commission released a joint-announcement on 30 September 2015 to ease the mortgage rule. According to the joint-announcement, for family property buyers who wish to purchase their first residential property, the first down payment requirement will be decreased from 30% to 25%. The new rule will be applicable to all the cities in the PRC except those with limited property purchase policy such as Beijing, Shanghai, Shenzhen, Guangzhou and Sanya.

Company Update

Property Pre-sales

The property pre-sales activity for the Group's projects in Huzhou, Nanchang, Fuzhou and Yichun cities remained strong. Results of Property Pre-sale Launches (as at 1 November 2015) are summarised in the tables below:

Residential Units

	Huzhou Run Yuan Project Phase 1	Huzhou Hua Cui Ting Yuan Phase 2	Nanchang Sino Harbour Kaixuan City Phase 1	Fuzhou Hua Cui Ting Yuan Phase 2	Fuzhou Hua Cui Ting Yuan Phase 3	Yichun Royal Lake City Phase 2
Est. total GFA released for sale (total units)	104,072 sq. m. (944 units)	18,924 sq. m. (100 units)	80,686 sq. m. (768 units)	79,933 sq. m. (550 units)	117,177 sq. m. (1,127 units)	93,805 sq. m. (993 units)
Est. total GFA pre-sold (total units)	75,109 sq. m. (692 units)	13,934 sq. m. (74 units)	69,752 sq. m. (665 units)	71,680 sq. m. (523 units)	111,750 sq. m. (1,078 units)	69,639 sq. m. (758 units)
Percentage of pre-sold	72%	74%	86%	90%	95%	74%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 30 September 2015 [^]	75,109 sq. m. (692 units)	13,934 sq. m. (74 units)	54,327 sq. m. (548 units)	4,055 sq. m. (17 units)	54,488 sq. m. (522 units)	17,215 sq. m. (178 units)
Pre-sale value not handed over to buyers as at 30 September 2015 [^]	RMB483.42m	RMB122.18m	RMB277.10m	RMB28.80m	RMB277.63m	RMB76.45m
ASP per sq m [*]	RMB6,436	RMB8,769	RMB5,101	RMB7,102	RMB5,095	RMB4,441
Expected completion date	Q4CY2016	Q4CY2016	Completed	Completed	Completed	Completed

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

[^]: Pre-sale value not handed over to buyer is computed as follows: Beginning period pre-sales plus New pre-sales during the period less those handed over to buyers as at 30 September 2015.

Company Strategies

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

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

Change of Company's Name

With effect from 9 September 2015, the English name of the Company has been changed from "Pan Hong Property Group Limited" to "Pan Hong Holdings Group Limited" and the Chinese name "汎港控股集團有限公司" has been adopted as the new secondary name of the Company. The new name would more accurately reflect and/or align the nature of the Company's business, being an investment holding company of various lines of businesses (in addition to property holding and development).

11. Dividend

(a) Current Financial Period Reported On

NIL

(b) Corresponding Period of the Immediately Preceding Financial Year

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

NIL

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared or recommended for the financial period ended 30 September 2015.

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

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

BY ORDER OF THE BOARD

Wong Lam Ping
Chairman
11 November 2015



NEGATIVE ASSURANCE CONFIRMATION

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

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of Pan Hong Holdings Group Limited which may render these interim financial results for the quarter ended 30 September 2015 to be false or misleading in any material aspect.

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

Wong Lam Ping
Executive Chairman

Wang Cuiping
Executive Director

Date: 11 November 2015