

PAN HONG PROPERTY GROUP LIMITED

(Incorporated in Bermuda on 20 December 2005)

(Co. Reg. No: 37749)

3rd QUARTER FINANCIAL STATEMENT ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2014

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 comprehensive statement for corresponding period of the immediately preceding financial year.

RMB'000	Group					
	3 months ended 31/12/2014	3 months ended 31/12/2013	Increase/ (Decrease)	9 months ended 31/12/2014	9 months ended 31/12/2013	Increase/ (Decrease)
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Revenue	28,414	39,791	(28.6%)	201,173	248,603	(19.1%)
Cost of Sales	(14,215)	(24,826)	(42.7%)	(122,221)	(159,186)	(23.2%)
Gross Profit	14,199	14,965	(5.1%)	78,952	89,417	(11.7%)
Other income and gains	7,250	4,490	61.5%	18,772	19,031	(1.4%)
Selling and distribution expenses	(6,748)	(4,498)	50.0%	(16,927)	(11,494)	47.3%
Administrative expenses	(12,392)	(11,149)	11.1%	(31,277)	(31,815)	(1.7%)
Other operating expenses	-	(4)	(100.0%)	-	(231)	(100.0%)
Operating profit	2,309	3,804	(39.3%)	49,520	64,908	(23.7%)
Finance costs	(786)	(265)	196.6%	(2,419)	(859)	181.6%
Share of result of an associate	-	-	NM	-	(6)	(100.0%)
Profit before income tax	1,523	3,539	(57.0%)	47,101	64,043	(26.5%)
Income tax expense	(1,274)	(2,911)	(56.2%)	(23,417)	(24,681)	(5.1%)
Profit for the period	249	628	(60.4%)	23,684	39,362	(39.8%)
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	293	(12)	2,541.7%	137	3,379	(95.9%)
Other comprehensive income for the period	293	(12)	2,541.7%	137	3,379	(95.9%)
Total comprehensive income for the period	542	616	(12.0%)	23,821	42,741	(44.3%)
Profit/(Loss) for the period attributable to:						
Owners of the Company	505	1,035	(51.2%)	16,120	33,968	(52.5%)
Non-controlling interests	(256)	(407)	(37.1%)	7,564	5,394	40.2%
	<u>249</u>	<u>628</u>	<u>(60.4%)</u>	<u>23,684</u>	<u>39,362</u>	<u>(39.8%)</u>
Total comprehensive income attributable to:						
Owners of the Company	798	1,023	(22.0%)	16,257	37,347	(56.5%)
Non-controlling interests	(256)	(407)	(37.1%)	7,564	5,394	40.2%
	<u>542</u>	<u>616</u>	<u>(12.0%)</u>	<u>23,821</u>	<u>42,741</u>	<u>(44.3%)</u>
Earnings per share for profit attributable to the owners of the Company during the period (in RMB cents):						
- Basic and Diluted	0.10	0.20	(50.0%)	3.15	6.60	(52.3%)

NM: Not Meaningful

RMB '000	Group			
	3 months ended	3 months ended	9 months ended	9 months ended
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	(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	24,504	13,232	64,178	39,335
Less: amount capitalised in properties held under development	(23,718)	(12,967)	(61,759)	(38,476)
	786	265	2,419	859
Cost of properties held for sale recognised as expense	12,489	22,485	110,744	143,993
Depreciation of property, plant and equipment	812	735	1,502	1,536
Less: amount capitalised in properties held under development	(73)	(94)	(201)	(396)
	739	641	1,301	1,140
Exchange loss/(gain), net	24	1,502	(202)	2,470
Loss on written off of property, plant and equipment	1	-	1	-
Operating lease charge in respect of land and buildings	105	181	289	471
Less: amount capitalised in properties held under development	-	-	(67)	(61)
	105	181	222	410
Staff costs, including directors' remuneration				
- Wages and salaries	5,399	4,898	16,803	13,260
- Retirement benefit scheme contributions - defined contribution plans	142	59	376	145
Less: amount capitalised in properties held under development	(1,488)	(2,479)	(4,914)	(5,829)
	4,053	2,478	12,265	7,576
Net fair value loss of financial assets at fair value through profit or loss	2	203	-	-
and crediting:				
Consultancy fee income	-	-	-	1,271
Interest income from bank deposits and other receivables	3,783	1,493	7,649	10,471
Net fair value gain for financial assets at fair value through profit or loss	(2)	(203)	268	979
Fair value gain on re-measurement of equity in an associate	-	-	-	613
Rental income	3,292	3,200	10,279	5,697
Gain on disposal of property, plant and equipment	-	-	53	-
Sundry income	177	-	523	-



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	
	31 December 2014 Unaudited	31 March 2014 Audited	31 December 2014 Unaudited	31 March 2014 Audited
RMB'000				
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	22,218	22,053	-	-
Investment properties	359,229	359,229	-	-
Investments in subsidiaries	-	-	564,060	564,060
Interest in a joint venture	182,437	182,437	-	-
Other financial assets	20,000	20,000	20,000	20,000
Long-term pledged deposits	330,000	330,000	-	-
Deferred tax assets	25,164	24,986	-	-
	939,048	938,705	584,060	584,060
Current assets				
Properties held under development	2,618,968	1,607,064	-	-
Properties held for sale	367,211	461,767	-	-
Accounts receivable	7,372	1,584	-	-
Prepayments and other receivables	453,108	816,674	109	110
Amounts due from subsidiaries	-	-	258,339	258,338
Financial assets at fair value through profit or loss	27	6,149	-	-
Pledged deposits	299,399	295,195	-	-
Cash and bank balances	207,011	74,236	132	92
	3,953,096	3,262,669	258,580	258,540
Current liabilities				
Accounts payable	46,080	28,949	-	-
Accruals, receipts in advance and other payables	1,197,465	727,899	263	274
Provision for tax	168,311	167,806	-	-
Amounts due to related parties	114,149	96,938	247,881	246,130
Bank and other loans	477,468	407,930	-	-
	2,003,473	1,429,522	248,144	246,404
Net current assets	1,949,623	1,833,147	10,436	12,136
Total assets less current liabilities	2,888,671	2,771,852	594,496	596,196
Non-current liabilities				
Bank and other loans	841,500	748,500	-	-
Deferred tax liabilities	48,450	48,452	-	-
	889,950	796,952	-	-
Net assets	1,998,721	1,974,900	594,496	596,196
EQUITY				
Equity attributable to the Company's owners				
Share capital	313,446	313,446	313,446	313,446
Reserves	1,175,837	1,159,580	281,050	282,750
	1,489,283	1,473,026	594,496	596,196
Non-controlling interests	509,438	501,874	-	-
Total equity	1,998,721	1,974,900	594,496	596,196



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 31/12/2014		As at 31/03/2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
477,468	-	407,930	-

Amount repayable after one year

As at 31/12/2014		As at 31/03/2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
841,500	-	748,500	-

Details of any collateral

Bank and other loans of approximately RMB825,843,000 were secured by the Group's land use rights which were classified as "Leasehold interest in land and buildings", "Investment properties" and "Properties held under development" as at 31 December 2014. Bank and other loans of approximately RMB493,125,000 were secured by a deposit of RMB513,000,000 which was classified as "Pledged deposits" as at 31 December 2014.



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 31/12/2014 (Unaudited)	3 months ended 31/12/2013 (Unaudited)	9 months ended 31/12/2014 (Unaudited)	9 months ended 31/12/2013 (Unaudited)
Cash flows from operating activities				
Profit before income tax	1,523	3,539	47,101	64,043
Adjustments for:				
Interest income	(3,783)	(1,493)	(7,649)	(10,471)
Interest expense	786	265	2,419	859
Depreciation of property, plant and equipment	739	641	1,301	1,140
Gain on disposal of property, plant and equipment	-	-	(53)	-
Written off of property, plant and equipment	1	-	1	-
Share of result of an associate	-	-	-	6
Fair value loss/(gain) on re-measurement of equity in an associate	2	-	(268)	(613)
Operating (loss)/profit before working capital changes	(732)	2,952	42,852	54,964
Increase in properties held under development and properties held for sale	(178,933)	(210,846)	(441,980)	(221,126)
(Increase)/decrease in accounts and other receivables and prepayments	(3,798)	33,627	(54,422)	(303,364)
Decrease/(increase) in financial assets at fair value through profit or loss	27	198	6,390	(5,987)
Increase in amounts due to related parties	-	-	-	19
Increase in accounts and other payables, accruals and receipts in advance	150,556	195,741	486,697	305,379
Cash (used in)/generated from operations	(32,880)	21,672	39,537	(170,115)
Interest received	4,048	1,493	7,649	10,471
Income taxes paid	(9,774)	(12,360)	(23,092)	(73,124)
Net cash (used in)/generated from operating activities	(38,606)	10,805	24,094	(232,768)
Cash flows from investing activities				
Purchases of property, plant and equipment	(1,213)	(150)	(2,194)	(1,807)
Proceeds from disposal of property, plant and equipment	-	-	540	-
Proceeds from disposal of investment properties	-	-	-	11,108
Acquisition of a subsidiary, net	-	-	-	(36,585)
Acquisition of other financial assets	-	(12,000)	-	(12,000)
Advance to a joint venture	(1,208)	(2,436)	(1,208)	(2,436)
Decrease/(increase) in pledged deposits with original maturity over three months	46,683	(117,295)	(4,204)	(270,538)
Net cash generated from/(used in) investing activities	44,262	(131,881)	(7,066)	(312,258)
Cash flows from financing activities				
Advance from a related company	2,799	-	15,867	-
Proceeds from shares issued to non-controlling interests by subsidiary companies	-	-	-	14,911
Repurchases of shares	-	(1,781)	-	(4,537)
Dividend paid	-	-	-	(26,033)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	(9,685)
New borrowings	99,550	373,929	416,060	778,189
Repayment of borrowings	(32,069)	(187,088)	(252,555)	(220,263)
Interest paid	(24,052)	(13,232)	(62,834)	(39,335)
Net cash generated from financing activities	46,228	171,828	116,538	493,247
Net increase/(decrease) in cash and cash equivalents	51,884	50,752	133,566	(51,779)
Effect of foreign exchange difference	(256)	-	(791)	2,824
Cash and cash equivalents at beginning of the period	155,383	232,279	74,236	331,986
Cash and cash equivalents at end of the period (note)	207,011	283,031	207,011	283,031
Note:				
Analysis of balances of cash and cash equivalents				
Cash and cash equivalents	207,011	283,031	207,011	283,031



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 reserves	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 October 2013 (unaudited)	313,446	(11,036)	203,250	(2,243)	68,862	3,838	82,217	(4,886)	745,742	1,399,190	481,156	1,880,346
Purchases of treasury share	-	(1,781)	-	-	-	-	-	-	-	(1,781)	-	(1,781)
Transactions with owners	-	(1,781)	-	-	-	-	-	-	-	(1,781)	-	(1,781)
Profit for the period	-	-	-	-	-	-	-	-	1,035	1,035	(407)	628
Other comprehensive income												
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	(12)	-	(12)	-	(12)
Total comprehensive income for the period	-	-	-	-	-	-	-	(12)	1,035	1,023	(407)	616
At 31 December 2013 (unaudited)	313,446	(12,817)	203,250	(2,243)	68,862	3,838	82,217	(4,898)	746,777	1,398,432	480,749	1,879,181
At 1 October 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
Profit for the period	-	-	-	-	-	-	-	-	505	505	(256)	249
Other comprehensive income												
Exchange differences on translation of financial statements of foreign operations	-	-	-	-	-	-	-	293	-	293	-	293
Total comprehensive income for the period	-	-	-	-	-	-	-	293	505	798	(256)	542
At 31 December 2014 (unaudited)	313,446	(12,817)	203,250	(2,243)	78,107	3,838	82,217	(3,720)	827,205	1,489,283	509,438	1,998,721

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 October 2013 (unaudited)	313,446	(11,036)	203,250	59,579	33,998	599,237
Purchases of treasury share	-	(1,781)	-	-	-	(1,781)
Loss for the period	-	-	-	-	(353)	(353)
At 31 December 2013 (unaudited)	313,446	(12,817)	203,250	59,579	33,645	597,103
At 1 October 2014 (unaudited)	313,446	(12,817)	203,250	59,579	31,464	594,922
Loss for the period	-	-	-	-	(426)	(426)
At 31 December 2014 (unaudited)	313,446	(12,817)	203,250	59,579	31,038	594,496

- 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 2014 and 31 December 2014	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 31 December 2014 was 518,855,024 (31 March 2014: 518,855,024), of which 6,544,000 (31 March 2014: 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 2014.

- 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 2014. 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 31 December 2014 (Unaudited)	3 months ended 31 December 2013 (Unaudited)	9 months ended 31 December 2014 (Unaudited)	9 months ended 31 December 2013 (Unaudited)
Earnings per ordinary share (in RMB cents):				
- Basic and Diluted	0.10	0.20	3.15	6.60

Note:

The calculation of basic earnings per share was based on the profit attributable to equity holders of the Company of approximately RMB505,000 for the 3 months ended 31 December 2014 (3 months ended 31 December 2013: RMB1,035,000) and RMB16,120,000 for the 9 months ended 31 December 2014 (9 months ended 31 December 2013: RMB33,968,000) divided by weighted average of 512,311,024 ordinary shares (excluding treasury shares) for the 3 months ended 31 December 2014 (3 months ended 31 December 2013: the weighted average of 512,438,383) and weighted average of 512,311,024 ordinary share (excluding treasury shares) for the 9 months ended 31 December 2014 (9 months ended 31 December 2013: the weighted average of 514,339,988).

Diluted earnings per share for the 3 months ended 31 December 2014 and 9 months ended 31 December 2014 are the same as the basic earnings per share as there are no dilutive potential share (3 months and 9 months ended 31 December 2013: 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 31/12/2014	As at 31/03/2014	As at 31/12/2014	As at 31/03/2014
Net asset value per ordinary share (in RMB cents)	390.14	385.48	116.04	116.37

Note:

The number of ordinary shares of the Company as at 31 December 2014 was 512,311,024 (excluding treasury shares) (31 March 2014: 512,311,024).

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 31 DECEMBER 2014 ("3Q2015") COMPARED TO THE PREVIOUS CORRESPONDING QUARTER ENDED 31 DECEMBER 2013 ("3Q2014")

	Group			
	3 months ended 31 December 2014	3 months ended 31 December 2013	9 months ended 31 December 2014	9 months ended 31 December 2013
Revenue (RMB'000):	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Residential	10,401	29,695	136,438	194,565
Commercial and others	18,013	10,096	64,735	54,038
	28,414	39,791	201,173	248,603

The Group's revenue in 3Q2015 was RMB28.4 million compared to RMB39.8 million in 3Q2014, a decrease of 28.6%. The decrease was attributable mainly to lower handover of residential units of Fuzhou Hua Cui Ting Yuan (抚州华萃庭院) Phase 2 as well as Huzhou Hua Cui Ting Yuan (湖州华萃庭院) Phase 1.

The revenue in 3Q2015 comprised mainly the handover of residential and commercial units sold under Yichun Royal Lake City (宜春御湖城) Phase 1. In 3Q2014, the revenue was mainly derived from the delivery of residential and commercial units of Fuzhou Hua Cui Ting Yuan Phase 1 as well as residential units of Huzhou Hua Cui Ting Yuan 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

Cost of sales decreased by 42.7% from RMB24.8 million in 3Q2014 to RMB14.2 million in 3Q2015, attributable mainly to the lower turnover in 3Q2015.

Commercial property has a higher gross profit margin compared with residential property. As the proportion of sales recognised from commercial units in 3Q2015 was significantly higher than that in 3Q2014, the Group's gross profit margin improved to 50.0% in 3Q2015 from 37.6% in 3Q2014.

Other Income and Gains

Other income and gains increased from RMB4.5 million in 3Q2014 to RMB7.3 million in 3Q2015. The increase was attributable mainly to the increase in interest income from bank deposits.

Selling and Distribution Expenses

Selling and distribution expenses increased by 50.0% from RMB4.5 million in 3Q2014 to RMB6.7 million in 3Q2015. The higher selling expenses in 3Q2015 were mainly due to an increase in advertising costs in respect of Huzhou Run Yuan Project (湖州润源项目) Phase 1 as well as Nanchang Sino Harbour Kaixuan City (南昌汉港凯旋城) Phase 1.

Administrative Expenses

Administrative expenses increased 11.1% from RMB11.1 million in 3Q2014 to RMB12.4 million in 3Q2015. The higher administrative expenses in 3Q2015 was mainly due to higher salaries compare with 3Q2014.

Finance Costs

Finance costs increased from RMB265,000 in 3Q2014 to RMB786,000 in 3Q2015 due to an increase in the provision of interest expenses of a loan from a related company – Pan Hong Company Limited, which Mr. Wong Lam Ping, the controlling shareholder and director of the Company, is a beneficial owner.

Income Tax Expense

Income tax expense decreased from RMB2.9 million in 3Q2014 to RMB1.3 million in 3Q2015. The lower income tax is due to lower provision of the People's Republic of China ("PRC") corporate income tax and Land Appreciation Tax (LAT) in line with decrease with turnover and profit in 3Q2015.

Profit for the Period

As a result of the foregoing factors, the Group posted a decrease of 60.4% profit after tax of RMB249,000 in 3Q2015 from RMB628,000 in 3Q2014.

(b) REVIEW OF FINANCIAL POSITION AS AT 31 DECEMBER 2014 AND CASH FLOW FOR 3Q2015

Properties Held Under Development

The Group's properties held under development increased by RMB1.01 billion from RMB1.61 billion as at 31 March 2014 to RMB2.62 billion as at 31 December 2014, out of which RMB412.2 million was attributable to re-classification of prepaid land use rights from the prepayment and other receivables for the acquisition of Hangzhou Ganglian Sino Africa Tower Project (杭州港联中非大厦项目) after the full settlement of the outstanding land use rights of RMB93.8 million during the financial period. The remaining RMB599.7 million was attributable mainly to the construction progress of the Group's property projects which included the construction cost of Huzhou Run Yuan Project Phase 1, Fuzhou Hua Cui Ting Yuan Phase 3 and Yichun Royal Lake City Phase 2, as well as the payment of RMB93.8 million for the remaining land use right of Hangzhou Ganglian Sino Africa Tower Project during the financial period.

Properties held for Sale

Properties held for sale decreased from RMB461.8 million as at 31 March 2014 to RMB367.2 million as at 31 December 2014, mainly due to the handover of property units of Fuzhou Hua Cui Ting Yuan Phase 2 and Yichun Royal Lake City Phase 1 to the buyers.

Accounts Receivable

Accounts receivable increased from RMB1.6 million as at 31 March 2014 to RMB7.4 million as at 31 December 2014, mainly due to the receivable for the disposal of Fuzhou Hua Cui Ting Yuan Phase 2.

Prepayments and Other Receivables

The Group's prepayments and other receivables decreased from RMB816.7 million as at 31 March 2014 to RMB453.1 million as at 31 December 2014. The decrease was mainly due to the re-classification of prepaid land use rights amounting to RMB412.2 million to property held under development.

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 RMB27,000 as at 31 December 2014 from RMB6.1 million as at 31 March 2014. The decrease was attributable mainly to the disposal of listed equity securities in the PRC during the financial period.

Pledged Deposits

Long-term and short-term pledged deposits increased from RMB625.2 million as at 31 March 2014 to RMB629.4 million as at 31 December 2014. The increase was mainly due to an increase in deposits pledged against banking facilities granted to buyers of the Group's properties.

Accounts Payable, Accruals, Receipts in Advance and Other Payables

Accounts payable increased to RMB46.1 million as at 31 December 2014 from RMB28.9 million as at 31 March 2014 due to an increase in amounts payable to suppliers for construction costs incurred in respect of Fuzhou Hua Cui Ting Yuan Phase 3 and Yichun Royal Lake City Phase 2.

Accruals, receipts in advance and other payables increased from RMB727.9 million as at 31 March 2014 to RMB1.20 billion as at 31 December 2014. 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 31 December 2014. The increase in accruals, receipts in advance and other payables was mainly due to the increase in advance receipts from the customers of Fuzhou Hua Cui Ting Yuan Phase 3, Yichun Royal Lake City Phase 2 and Nanchang Sino Harbour Kaixuan City Phase 1, as well as accrued construction costs of Huzhou Run Yuan Project.

Amounts due to related parties

Amounts due to related parties increased from RMB96.9 million as at 31 March 2014 to RMB114.1 million as at 31 December 2014. The increase was attributable mainly to cash advance from a related company – Pan Hong Company Limited.

Bank and Other Loans

As at 31 December 2014, the Group had total borrowings of RMB1.32 billion, an increase from RMB1.16 billion as at 31 March 2014 mainly due to new borrowings during the period for financing the development of the Group's projects.

Of these borrowings, bank and other loans of approximately RMB493.1 million were secured by a deposit of RMB513.0 million which was classified as "Pledged deposits" as at 31 December 2014.

Based on the Group's total equity of RMB2.00 billion and a deposit collateral of RMB513.0 million, the Group recorded a net gearing ratio (total bank and other loans less deposit collateral / total equity) of 40.3% as at 31 December 2014, compared to 31.8% as at 31 March 2014.

Cash Flow Analysis

In 3Q2015, the Group recorded RMB38.6 million of net cash used in operating activities which was attributable mainly to the increase in properties held under development in 3Q2015.

Net cash from investing activities in 3Q2015 amounted to RMB44.3 million, mainly due to the decrease in pledged deposits against banking facilities granted to the buyer.

Net cash generated from financing activities in 3Q2015 amounted to RMB46.2 million, mainly due to cash inflow from new borrowings.

As at 31 December 2014, the Group had cash and cash equivalents of RMB207.0 million.

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

Not applicable. No forecast or prospect statement has been 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 decline in the PRC new home prices eased in December 2014, supported by favourable policies of the PRC government. Data published by the National Bureau of Statistics indicated that new home prices of 66 out of a statistical pool of 70 major PRC cities recorded a month-on-month drop in December 2014, compared with 67 cities in November 2014 and 69 cities in October 2014 respectively.

On 21 November 2014, The People's Bank of China ("PBOC") announced a decrease in the benchmark rate for one-year deposits by 25 basis points and one-year lending rate by 40 basis points. Property developers with high levels of onshore debts are expected to benefit from such decrease in interest rates. In addition, the PBOC had on 4 February 2015 announced a cut on the reserve requirement ratio by 50 basis points. The move is the first cut since 2012.

Despite the gradual easing of residential property rules and credit control, the PRC property market outlook is expected to remain challenging in 2015.

Company Update

Property Pre-sales

Property pre-sales activities for the Group's projects in Huzhou, Nanchang, Fuzhou and Yichun cities remained strong. Results of property pre-sale launches (as at 31 January 2015) are summarised in the tables below:

Residential Units

	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	Huzhou Run Yuan Project Phase 1
Est. total GFA released for sale (total units)	19,450 sqm (152 units)	79,933 sqm (550 units)	117,177 sqm (1,127 units)	51,630 sqm (588 units)	22,743 sqm (204 units)
Est. total GFA pre-sold (total units)	13,806 sqm (109 units)	70,263 sqm (517 units)	93,044 sqm (912 units)	40,095 sqm (444 units)	12,879 sqm (140 units)
Percentage of pre-sold	71%	88%	79%	78%	57%
Pre-sale GFA (units pre-sold) not handed over to buyers as at 31 December 2014 [^]	13,806 sqm (109 units)	8,336 sqm (34 units)	93,044 sqm (912 units)	40,095 sqm (444 units)	12,879 sqm (140 units)
Pre-sale value not handed over to buyers as at 31 December 2014 [^]	RMB90.33m	RMB61.25m	RMB473.23m	RMB182.59m	RMB86.20m
ASP per sq m [*]	RMB6,543	RMB7,347	RMB5,086	RMB4,554	RMB6,693
Expected completion date	Q1CY2015	Completed	Q1CY2015	Q1CY2015	Q4CY2016

*: 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 31 December 2014.

Company Strategies

The Group maintains its strategy to quicken its property launches and developments as well as to focus on the sales and pre-sales of its existing properties. With sufficient funding, the Group will continue to seek opportunities to acquire land parcels in second- to third-tier cities and replicate its successful investment model in future property projects. The Group will also consider expanding its property investments portfolio to provide more stable returns through rental income in the longer term.

11. Dividend

(a) Current Financial Period Reported On

NIL

(b) Corresponding Period of the Immediately Preceding Financial Year

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

NIL

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared or recommended for the financial period ended 31 December 2014.

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

13 February 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 Property Group Limited which may render these interim financial results for the quarter ended 31 December 2014 to be false or misleading in any material aspect.

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

Wong Lam Ping
Executive Chairman

Chan Chun Kit
Executive Director

Date: 13 February 2015